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**CAPS/HONDURAS
BIENNIAL REPORT
November 1989 - April 1990**

TABLE OF CONTENTS

I.	ACTIVITIES IN COUNTRY	1
	A. Overview	1
	1. Re-entry and Follow-on/up Programs	2
	2. AED Follow-on/Follow-up Support	3
	3. Partial Scholars	4
II.	ACTIVITIES IN WASHINGTON	6
	A. Overview	6
	1. Placement	7
	2. Internships	9
	3. Campus Visits	10
	4. Taxes	12
	5. Vacation Breaks	12
	6. Experience America	14
	7. Newsletter	20
	8. Library	21
	9. Departure Procedures	21
	10. Evaluation of CAPS/Honduras 1986-1989	23
III.	APPENDICES	

I. ACTIVITIES IN COUNTRY

A. OVERVIEW

During the first half of the project, the in-country AED office concentrated on administering the in-country English language and academic preparatory program, attending to scholars' personal needs, counseling them on academic placements, and preparing them for departure in groups of about 100 participants. While the first three years of the project were very busy and set the tone for the subsequent phases of the project, the second phase, follow-on/follow-up, is equally important and will make a major contribution to the success of the CAPS/Honduras project.

Last June the AED/Honduras office sent off the third and last group of 103 CAPS/Honduras scholars to study in the United States. Since last summer, the Academy's Honduras staff has focused on assisting the returned participants to settle in and directing them towards possible employment opportunities when they return to Honduras. Additionally, the in-country office is providing logistical and administrative support to USAID/Honduras for the various follow-on/up programs that they are developing for all Honduran Peace Scholars. The AED/Honduras office continues to backstop the Washington office, providing a valuable linkage to in-country resources needed by AED/Washington to solve visa, academic, and personal problems students may have in the United States.

This biannual report will review the CAPS/Honduras project from November 1989 through April 1990.

1. Re-entry and Follow-on/up Programs

The goal of a follow-on/up program is to assist students in their personal and professional re-adjustment to Honduras. Through a series of discussions, presentations, and group participatory exercises, the following objectives are addressed:

- To ease the culture shock students experience upon return to Honduras;
- To stimulate students to reflect on their personal situation in Honduras;
- To assist the returned participants to focus on their new goals and objectives in Honduras;
- To inform students about the follow-on/up program; and
- To discuss the creation of the Alumni Association and other activities for returned participants to strengthen the group's identity.

On November 10, 1989, a total of 99 returned CAPS/Honduras students sponsored by USAID and programmed by AED and other contractors, were invited to attend a follow-on/up seminar especially designed for them by USAID/Honduras. Forty-three students attended the one-day seminar.

The sessions were lively with frank discussions between USAID/Honduras and the students about the difficult employment situation in Honduras. The Academy and USAID staff encouraged students not to lose sight of their professional goals and CAPS project objectives. The students wholeheartedly participated in the discussions and left the program with renewed energy in their search for employment.

From those attending the November follow-on/up seminar, a group of five students volunteered to organize the CAPS alumni association and plan for a "Congreso" in 1990. The organizing committee had several planning meetings over the last five months, and

hopes to hold the first association meeting in July. The committee anticipates about 150-200 returned CAPS students will attend this event.

On February 9, 1990, a second follow-on/up seminar, similar to the November workshop, was held for nine returned participants. (See Appendix I for the November and February workshops).

The Academy is a strong supporter of the follow-on/up activities and is ever willing to assist USAID/Honduras in administering this important activity, the follow-on seminars. Since last June, the in-country staff has been reduced to two professionals, a secretary, and an office assistant, and according to our contract, on July 30 the Academy's in-country staff will be reduced further to one professional and the support staff. Bessy de Acosta, AED Field Coordinator, has enlisted additional volunteer help to administer the follow-on/up programs; however, as the groups of returned students become larger and the number of activities increase, it will become more difficult for AED to administer these programs without additional resources.

2. AED Follow-on/Follow-up Support

As the CAPS/Honduras students graduate in the United States and return to Honduras, the AED/Honduras office places an ad in the local newspapers with the students' names, degrees, fields, and universities, to recognize the fine work the graduates have accomplished and expose them to potential employers. Once the returnee has arrived in Honduras and notified the Academy's Field Coordinator Ms. Acosta, the graduate is asked to come to the office for an interview. During the interview, Ms. Acosta collects information on the returned participant for a "professional" file. The file includes a copy

of each student's USAID/Honduras returned student questionnaire, the results of the exit interview with AED/Washington, the narrative program evaluation completed in the United States, the student's resumé in Spanish and English, photographs of the student, and a current address and phone number. This information is kept on file and assists USAID/Honduras and Ms. Acosta in locating employment opportunities for the students. Employment ads in newspapers, government ministries, and private enterprises, Ms. Acosta's personal contacts, and USAID and AED projects are all used to help locate suitable jobs for returned graduates. Once a suitable match is made between the student and a possible employer, Ms. Acosta sends a formal letter with the student's resumé to the potential employer.

As of April 30, sixty-four of the eighty returned graduates have found employment. Unfortunately, the current economic situation in Honduras makes it difficult for the returned students to find jobs. The younger CAPS students who have little or no professional experience will begin to return over the next year. We anticipate it will be more difficult for these students to find jobs than the older returnees who either have previous professional experience or will return to previous jobs in Honduras after completing their degrees. (See Appendix II for newspaper announcements, job advertisements, and letters to potential employers).

3. Partial Scholars

For the last two years, the Academy has managed programs for 17 partial CAPS scholarships. The students with partial scholarships receive funding for the CAPS program from both USAID/Honduras and either their parents or Educredito, the Honduran educational loan agency.

During January and February 1990, the Academy's CAPS project office in Honduras and Washington, D.C. received numerous calls and letters from the partial students and their parents. Parents were concerned that they were unable to change their lempiras into dollars at the Central Bank for their sons and daughters studying in the United States. The Honduran government had placed severe limitations on the amount of local currency they would exchange to dollars. The Central Bank and Educredito were ordered by the government not to exchange currency for educational expenses.

During this uncertain period, USAID/Honduras and the Academy consulted on the best way to handle the difficulties the monetary crisis placed on the partial students and their families. AED/Washington phoned all the partial students to ensure they had enough money to live for a period of time until a decision was made on how to resolve the problem. AED/Honduras and USAID had a meeting with all the parents to discuss further the ramifications of the problem on the students' programs.

On March 9, 1990, AED received authorization to pay, on a temporary basis, all partial scholars their full maintenance allowances for February, March and April or until the Honduran government resolved the dollar crunch. Meanwhile, USAID/Honduras searched for a more permanent solution to the problem.

During the interim, the Honduran government devalued the lempira at a rate of four lempiras to one U.S. dollar. Dollars again were available to the public but at double the cost. On March 20, AED was given further guidance by USAID/Honduras to authorize full contribution to maintenance allowances of the partial students for February and March, thereby increasing their total scholarship by this amount. Students who received full maintenance for April from USAID/Honduras will pay back the loan to AED in small monthly increments. For the eight partial students whose parents fund part of their

educational costs, USAID/Honduras agreed to increase the Agency's contribution to their scholarship to make up for the devaluation of the lempira. Educredito will continue to honor scholarship loans to the remaining CAPS/Honduras students.

II. ACTIVITIES IN WASHINGTON

A. OVERVIEW

While the in-country office prepares for the reintegration of the graduated CAPS students, the Academy's Washington office plays a pivotal role in monitoring and counseling the many CAPS students remaining in the United States and assists them to complete successfully their academic programs and experience many facets of life in the United States.

Careful monitoring of students' academic and personal well-being has been critical to the success of the program. As the students become more integrated into their academic programs and begin to further define their professional goals, the project's second phase, professional reintegration, becomes a more important theme. The Academy stresses reintegration through the newsletter, on campus visits, through internships, and indirectly by assisting the students to attend professional conferences. This section of the biannual report will review the many facets of the U.S. component of the program.

One Caribbean and Latin American Scholarship Project (CLASP) contractors meeting was held during this period by A.I.D.'s Latin American and Caribbean Bureau. Occasional contractor meetings are held to discuss important issues effecting the programs and to share among all contractors the successes and failures of different programs. Contractors met in February to discuss lessons learned over the last five years.

The Academy welcomes the opportunity to work jointly with USAID/Honduras towards the success of Phase II of the project.

1. Placement

The last group of student placements for the CAPS/Honduras project was completed in September 1989. For the past three years of the project, the Academy has programmed a total of 412 students in the United States and/or the in-country program. Placements have been made at 64 colleges or universities throughout the United States. The Academy is pleased to inform USAID/Honduras that a total of 51 placements were made at Historically Black Colleges and Universities. The number of students placed at HBCUs translates into 12.9% of total U.S. placements which exceeds the ten percent required in the contract.

Since last fall, four students have transferred from community colleges to four-year institutions either for academic reasons or to continue on with their undergraduate degrees. Three of these students were transferred to HBCUs. One CAPS scholar, Irma Letti Sierra, was transferred in January 1990 from Vermont Technical College to Central Arizona College in Coolidge, Arizona. The student was having extreme academic difficulties in her electronics program because of her deficient math background. Central Arizona College has a good program but is less demanding. Letti is doing quite well at her new school. The other three students finished studies at their respective community colleges and began junior-level courses at two HBCU institutions. Gloria Gomez completed her associate's degree at Northeastern Oklahoma A & M College and transferred to Alabama A & M University, while Hermes Flores and Daniel Enamorado transferred from Daytona Beach Community College to Florida A & M University to complete their four-year engineering degrees.

Transfer policy from one academic institution to another has remained consistent throughout the project. All students who request a transfer must demonstrate that the academic program they are currently pursuing does not meet the objective of their desired field of study. If a student wishes to transfer to another college or university, the student, his academic advisor, and the Academy Program Specialist follows these guidelines to ascertain whether or not a transfer for the student is necessary:

1. The student writes a letter to his or her Program Specialist and states the reasons for the transfer.
2. The Academy Program Specialist reviews the student's request for a transfer. The review looks at the student's original field of study, his or her current academic program, the student's progress in that program, and the student's personal well-being.
3. The Program Specialist consults with the student's academic advisor to further clarify whether or not the request for a transfer is necessary based on academic reasons.
4. If the student, academic advisor, and the Program Specialist agree a transfer will better meet the student's intended academic goals, the Academy requests approval from USAID/Honduras.
5. If approval is granted, AED submits three applications to colleges and universities, one of which is an Historically Black College or University (HBCU), if an appropriate program is available.
6. When acceptances are received, the Academy and the student discuss the programs and decide on the best institution for the student's academic and professional objectives.

Transfer policy for students who are studying at HBCUs and wish to change institutions is the same except their transfer is from one HBCU to another HBCU providing there is a suitable academic program at the transfer institution. USAID/Honduras enacted the HBCU transfer policy in September 1987 to ensure the numbers of CAPS/Honduras students placed at HBCUs remained constant throughout the CAPS project.

Over the last three and a half years, very few CAPS students have needed transfers. The largest number of transfers were for four-year students placed at community colleges for the first two years of study who have continued on for bachelor's degrees at four-year institutions. In most cases, students who transferred from a community college to a four-year institution transferred within the same state where articulation agreements facilitated acceptance and granting of transfer credit. Other transfers were granted for students whose programs were too academically demanding or their program of study did not match their academic and professional goals.

2. Internships

Two CAPS/Honduras scholars at the University of South Alabama completed internships in Honduras this March. The internships were completed during the students' winter quarter at their academic institution. Each scholar received six credits in his major towards his degree.

German Pacheco, a junior in Business Management, had two options for his internship: Cerveceria Hondureña or the Ministro de Economia. German decided to do his internship with Cerveceria Hondureña in Tegucigalpa. German is majoring in Marketing and Transportation at the University of South Alabama. At Cerveceria Hondureña he obtained practical experience working in the sales division of the bottling company. Omar Lopez, a junior in Communications at the University of South Alabama completed the first six weeks of his internship at AVANCE, a USAID/Honduras sponsored project administered by AED, working under the technical director of a radio learning project. The second six weeks he worked with CADERH, a human resources development organization, developing a teaching video for the rural area. Both scholars feel the

experience they gained from their practicums was very valuable towards obtaining their academic and professional goals.

Currently, the Academy is planning for the summer 1990 internship program. Letters were sent to qualified CAPS scholars in February, giving them information and requirements for the summer internship program. During March and April, the Academy in Washington and Honduras have been matching students to internship placements in Honduras. At this point, twelve scholars will complete internships in Honduras for the summer of 1990. Our next biannual will detail their internships.

USAID/Honduras and the Academy have stressed the importance of internships to the students throughout the program. Internships in the United States and Honduras provide students with a practical, hands-on experience in their chosen field of study that they do not often get in the classroom. Additionally, an internship in Honduras may provide an invaluable contact for future employment.

In accordance with USAID/Honduras policy, students may pursue a summer internship after their sophomore and/or junior year in college. Students must be in good academic standing and earn a minimum of six hours of credit from their college or university. The internship cannot interfere with the student's plan of study nor delay the end of the student's program.

3. Campus Visits

The Academy continues to visit colleges and universities where the CAPS students are enrolled. Campus visits allow AED training staff to strengthen its relationship with the

student, the college or university faculty and staff, and the local community members who host our students. The opportunity for all to personally meet with Academy Program Specialists to learn more about the CAPS/Honduras project and to discuss the academic and personal well-being of the student is an invaluable and necessary part of the monitoring process. Often times, problems that cannot be resolved by phone or letter are resolved much easier during a campus visit.

With the addition of a third Program Specialist in the summer of 1989, AED redistributed the monitoring of 300 CAPS/Honduras scholars at 59 academic institutions among three program specialists. Each program specialist is assigned one of three geographic regions of the country: the Midwest, the Southeast, or the Western states. By assigning each specialist to a region of the United States, an efficient and effective monitoring unit is created. Furthermore, this geographic redistribution decreases the overall amount of travel, and allows staff to visit a greater number of students in fewer trips. The regional redistribution not only saves costs on travel, but allows the program specialist to spend more time in the Washington office attending to other student issues.

From September 1989 to April 1990, the three program specialists visited a total of 287 students at 56 academic institutions in 78 days throughout the United States and Puerto Rico. Each program specialist spent an average of 26 days visiting students and their academic advisors.

Eight new colleges and universities were visited by AED staff between September 1989 and April 1990. These schools included Murray State College in Murray, Kentucky; Hawkeye Institute of Technology located in Waterloo, Iowa; Delaware State University situated in Dover, Delaware; Central Arizona College in Coolidge, Arizona; Lewis/Clark College located in Lewiston, Idaho; Purdue University in West Lafayette, Indiana; Lincoln

University situated in Jefferson City, Missouri; and Allen County Community College located in Iola, Kansas. (See Appendix III for campus visit schedule).

4. Taxes

During this biannual reporting period, November 1989 through April 1990, the CAPS/Honduras project staff has monitored closely the guidance from AID's Office of International Training on the student tax issue. Additionally, the Academy attended two tax seminars, one in Rosslyn conducted by AID's Office of International Training (OIT), and the other conducted at the University of Pennsylvania, to remain current on tax issues and new policy guidance. OIT issued new guidance to contractors mandating that for tax year 1990 withholding must begin for scholarship/fellowship students who were selected after August 1986. Prior guidance recommended freezing taxable allowances to students rather than withholding on those payments.

Again this year, the Academy sent all CAPS/Honduras students complete information on the procedures to request approval from OIT for payment of their taxes as well as required statements of income and tax forms. (See Appendix IV for tax guidance to students).

5. Vacation Breaks

The CAPS students take advantage of vacation breaks to involve themselves in a number of activities on and off-campus. Many CAPS students feel that a vacation break is a good time to prepare academically for the next semester. Others will travel either to

Honduras to visit friends and family or within the United States. Other students choose to stay on-campus during break periods to participate in local community activities and events.

During the 1989 December vacation break, ninety-six students traveled to Honduras to spend the holiday season with family and friends. Students who travel home during vacation are able to strengthen and renew their ties with their family and friends. Not only do the students return to their college or university refreshed and ready to begin classes, but they have a renewed commitment to return home to help develop their country.

Thirteen CAPS/Honduras students participated last December in the Leadership Center of the Americas conference in Baton Rouge, Louisiana. For the last two years, the Leadership Center of the Americas (LCA), a USAID-funded project, conducts a 20-day seminar for two-hundred Latin American and Caribbean students enrolled in colleges and universities across the United States. The seminar is held at Louisiana State University's campus in Baton Rouge during the Christmas holidays. Guest speakers are invited to discuss political, economic, and social issues of common interest between the Latin American and Caribbean nations and the United States. Social and cultural activities are planned for the group, such as local tours, sports events, theatrical plays, and musical performances. The community of Baton Rouge, churches, civic groups, and local residents actively participate in LCA events and activities.

After the winter seminar, the students have the option to request LCA to place them for a summer internship with a transnational company. LCA will assess the student's skills and career interests and then hope to match her or him with a company operating in Latin America and the Caribbean Basin. After the students have completed the winter

seminar, they become members of the Leadership Center of the America's Pan American Network (PAN). PAN is an alumni association dedicated to follow-on seminars and internships around social, economic, and political themes of mutual interest to the region. PAN meetings are conducted annually in September for three days in the Latin American region. (See Appendix V for LCA program brochure).

In addition, during the Christmas holidays, fourteen students attended the Mid-Winter Community Seminars sponsored by USAID and administered by the National Council for International Visitors (NCIV). These seminars are conducted in various cities in the United States, and are designed to provide USAID-funded students with a community experience in the United States. The seminars are typically organized around themes such as leadership development, small business management, tropical agriculture, etc. Participants meet with government and community leaders and make on-site visits to businesses or manufacturing plants. In addition, the scholars receive the opportunity to spend Christmas with an American host family. As a result, students are able to learn about the way in which Americans conduct business, interact socially, politically, and economically within their communities, and also, how Americans celebrate the holiday season in their homes. (See Appendix VI for NCIV Mid-Winter seminar brochure).

6. Experience America

The Academy chose to highlight the CAPS/Honduras students' involvement in volunteer activities in their host community for this period in the Biannual Report. Volunteerism provides a perfect opportunity for the CAPS/Honduras students to learn about one of the most important social values of American society, helping those who are less fortunate, and contributing to their community's development. The experience is a rewarding one

personally, and also professionally if it is in the student's field of interest. It serves as yet another avenue for students to meet Americans and practice their English.

In the analysis of the summer 1989 Experience America survey, the Academy found that over 60% of the CAPS students were interested in volunteer activities; and increasingly more students were interested in volunteering in their community but were unaware of how to find the volunteer activities that were appropriate for them. Academy project staff helped students become aware of their community's activities through several means. For example, articles and photographs of our CAPS participants involved in volunteer activities in their community were featured prominently in the Vínculo Hondureño-Americano. During campus visits, the program specialists discussed students' volunteer interests and helped the students find a volunteer activity in their local community. Students were encouraged to explore volunteer opportunities through their churches, with their foreign student advisors, or class professors. As students become more comfortable with their studies and their host communities, we believe more and more students will find the time and desire to become involved in their community.

The following six student volunteer experiences highlight the outstanding contribution many of our students are giving to their host communities.

Ligia Lanza, Augustana College; Rock Island, Illinois

Ligia is a member of the Pilot Club, a community based organization of mostly older women who dedicate themselves to helping their community. Ligia's Spanish teacher is a member of the club and asked Ligia to give a presentation on Honduras. After the presentation, Ligia remained at the meeting to learn more about the club and its objectives. Since then, Ligia has been dedicating five to seven hours a

week to the club and its activities. The women provide services to the local homeless, handicapped, and bedridden. As a member of this club, Ligia helps collect and distribute used clothing, provides meals to the homeless, raises money through cookie sales, and provides moral support to needy people. In April of this year, the Pilot Club held a banquet in Ligia's honor for her outstanding dedication to the club, and most importantly, to the needy people of the community.

Ramon Osorio, Wartburg College; Waverly, Iowa

Ramon's academic advisor recommended the Self Help Tractor Company, a company which provides farm machinery for underdeveloped rural areas of the United States and abroad, as a volunteer possibility for Ramon. The company was looking for a volunteer to translate some documents from English to Spanish for the Instituto de Monterrey in Mexico. Ramon found the work interesting and technically related to his field of study, business administration. Ramon enjoyed the work so much that he voluntarily created a new marketing strategy to improve the company's image in Spanish-speaking countries. Ramon designed a layout, logos, and colors for promotional materials. This experience was very rewarding for Ramon who continues to volunteer with the tractor company and plans to maintain contact with the company when he graduates in May.

Felix Maldonado, St. Mary of the Plains; Dodge City, Kansas

Felix believes an important part of his scholarship program is to

participate in the local community. Felix began with the local Head Start program, which provides volunteers to help children with special educational needs. The volunteers work a few days per week helping the children with their schoolwork. Though the Director encouraged him to devote more time, Felix felt he could not without his own schoolwork suffering. The Director has been very impressed with Felix's contributions.

Maria Orellana, Central Texas Community College; Killeen, Texas

Maria's English teacher suggested she volunteer with the local YMCA to improve her verbal skills in English. Since last summer, Maria has volunteered with the YMCA children's division. Maria coordinates a variety of activities such as arts and crafts workshops, music programs, and games for children in her community. During Spring Break this year, Maria organized a special vacation program for children from five to eight years old. She organized art, music, sports, and dance workshops. Maria really enjoys the time she spends with the children and as a result of her volunteer contribution, her English skills have improved significantly.

David Aguilar, University of Florida; Gainesville, Florida

David is a volunteer with the North Central Baptist Church in LaCrosse. He works with the Hispanic Ministry which provides support to the migrant workers from Guatemala and Mexico. He helps organize dinners, games, church services in Spanish, and classes in English as a

Second Language. Also, he escorts the workers to the doctor and to the supermarket when necessary. David has remarked that many of the migrants live in depressing circumstances, but he finds the experience personally rewarding and interesting.

Carlos Garcia, Brenda Martinez, Santos Sosa, Northeastern Oklahoma
A & M College; Miami, Oklahoma

These three students participated in a special five-day program through the Baptist Student Union to help renovate the homeless shelter in Kansas City. During the five-day period, seven American students and five Latin American students slept at the shelter, helped cook meals for the homeless, and organized activities for the homeless children. The children loved the special party organized for them by the students. During the day, the students built furniture and painted the walls of the shelter. The experience was a very beneficial one for the shelter and for the students.

Carlos, one of our CAPS students, worked on helping build new rooms in the shelter to accommodate more homeless people. Carlos helped cook the meals and dressed up as a clown for the children's party. He went from unit to unit in the shelter recruiting children for the party. It was an enjoyable experience for the children and for Carlos. Carlos was surprised to find the majority of people in the shelter were black and/or single mothers with many children. Carlos felt the experience with the shelter was a very important one for him because he had a different insight into American Society.

Brenda is majoring in Social Work and her experience at the homeless shelter was directly related to her future profession. She enjoyed meeting the people but she was saddened by the way they live. Brenda was satisfied that she was able to help rebuild the shelter and bring some happiness to the homeless people. Following completion of the shelter project, Brenda gave an oral presentation in her social work class.

Santos felt the shelter project was interesting because he was able to see another "side" of American society. He was under the impression that everyone in the United States had similar living conditions. He realizes now that there are differences within American society. Santos feels his experience with the homeless was his most memorable to date in the United States.

Yadira Araica, Universidad Catolica; Ponce, Puerto Rico

Yadira volunteers with a special club on campus which provides assistance to handicapped students. Yadira is handicapped, and believes she can understand the special needs and concerns of these students. She helps them find their way around campus, assists them with obstacles like stairs, and educates the campus administrators to better understand the handicapped students' special needs. Yadira's future professional goal is to use her degree in Special Education to teach handicapped students.

These students have gained immensely from their volunteer experiences. Not only have they learned more about American society, both the good and the bad, but they have observed and experienced new situations that contribute to their personal growth. Many of the students, not only those mentioned above, have said they will take their volunteer experiences home to Honduras and foster similar ideas and programs there. (Newsletters in Appendix VII have articles and photographs of students' Experience America activities).

7. Newsletter

The project staff continues to improve the format of the Vínculo Hondureño-Americano with each successive publication. The staff now uses WordPerfect 5.0 program which has a more professional veneer, without sacrificing its personal look. This change is seen in the Spring 1990 issue.

As is customary, the Vínculo Hondureño-Americano highlighted a variety of scholar activity and creativity in the sections "CAPS: Construyendo en America Puentes de Simpatia" and the "Literary CAPSule." In "Noticias de Todas Partes" the Vínculo provided information of interest to the students through clippings from other publications in Honduras and the United States. Often students use these clippings for their community presentations on Honduras. Contributions from scholars are a major part of the newsletter.

For future issues of the Vínculo Hondureño-Americano, AED will encourage graduated CAPS/Honduras scholars to submit articles on their activities in Honduras, including updates on the Alumni Association and where CAPS students are working. We hope these

submissions will illustrate to the students still in the United States that there is a network and solid base of support in Honduras for their smooth re-entry home. (See Appendix VII for newsletters of this period).

8. Library

During this period the CAPS Honduras library added articles on the Mayas and Copan published in Tegucigalpa This Week and written by Rodolfo Diaz-Zelaya and Vito Feliz. Also, a student who finished her program and returned to Honduras donated her Honduran dress, a Honduran basket, collars, and a wooden bowl to our lending library.

Most student requests are for videos, about four per month. Some students use these videos while visiting American families during Thanksgiving and Christmas. Other students showed the videos at their universities or at gatherings with their friends, while others needed the videos for class presentations.

During the spring break period five schools, Ball State University, Amarillo College, University of Maryland at Eastern Shore, Ferris State University and Alabama A & M University requested from our library folkloric costumes, Honduran music and a few crafts for international events that the schools were planning for the spring term.

9. Departure Procedures

Eighty CAPS/Honduras students have successfully completed their programs and returned home. The Academy project staff has set up detailed departure procedures to facilitate

their departure. As the group departures become larger, for example a total of 50 students will return to Honduras in the summer of 1990 alone, a well-organized system for a smooth departure becomes more imperative. These procedures were designed to provide ample time for students and AED to plan for departure, and ensure that all necessary details are attended to before the students leave the United States. The following is a chronology of steps taken by AED in Washington before a student leaves the country:

1. One academic year before students graduate, AED sends each student a letter explaining that according to our records, the student will graduate at the end of the academic year. We remind them to do a degree check with their advisor. If there are any problems with their graduation, the student is to notify AED immediately.
2. Five months prior to graduation, the first departure letter is sent to students, with information on resumé-writing, a reminder to students to take their college catalog of courses back to Honduras, information on shipping overseas, and the CAPS narrative evaluation instructions. The departure logistics form, the professional membership form, the grade release form, and "the Student Who Paid Dollars Instead of Attention" are enclosed.
3. Three months prior to graduation, we send the second departure letter, which includes information about the authentication of transcripts and diplomas, reminders to send books early to Honduras, to send the narrative evaluation of the CAPS/Honduras project to AED, to schedule a telephone exit interview with the program specialist, and a strong reminder to contact Doña Bessy upon arrival in Honduras.
4. One month prior to graduation, students are sent the final maintenance check, book shipment allowance, ticket(s) and/or travel reimbursement, and individual information. The AID re-entry form and Raul Paz's letter to the graduates are enclosed. A re-entry seminar packet is sent with this mailing. In this month narrative evaluations are due, and telephone exit interviews are conducted.

Once departure travel information is confirmed approximately one month before departure, AED/Washington notifies AED/Honduras of students' arrival information. (See Appendix VIII for departure information sent to students).

AED/Honduras likewise prepares for each student's arrival and re-entry to Honduras as was discussed in section I(A)1 and 2. Students are asked to call the Field Coordinator no less than seven days after they arrive in Honduras. If a student does not notify the in-country office within the requisite seven days, Ms. Acosta will attempt to locate the student by phone, telegram or in person. If AED/Honduras and Washington are unable to find the student the Academy will report the student to USAID/Honduras as a possible non-returnee. Once a student's arrival in Honduras is confirmed, an arrival cable is sent to AED/Washington, and USAID is notified.

10. Evaluation of CAPS/Honduras 1986-1989

The Academy has asked the Center for Applied Linguistics (CAL), the subcontractor on the CAPS/Honduras project, to design an evaluation of the first three years of the in-country ESL and preparatory training program and its impact on U.S. training, and an evaluation of the content and delivery of services from the participant's point of view.

A database on over 300 students is now virtually complete. The next stage is to query the database and establish correlations which will yield a profile of the "Successful CAPS Scholar". Such a profile will help to establish better criteria for selection of CAPS scholars in the future and for placing them in academic programs.

In the database, over 30 fields of information have been entered for each CAPS scholar. Included is background information such as age, sex, marital status, and origin (urban or rural); secondary and tertiary education prior to entering the CAPS program; standardized test scores (GED, SAT) and scores on official TOEFLs taken in Honduras and in the United States before entering academic programs; the amount of additional

ESL instruction ("topping off") given the student in the United States; the type of school attended for the academic program; the number of credit hours earned each semester; and semester-by-semester grade point averages. Full scholarship students are distinguished from partial scholars. Participants from all four groups have been entered, including those in the first group, who were not given any in-country ESL and preparatory courses before departure. Also included are those who began studying in the program but, for whatever reason, did not complete their studies.

CAL has also cooperated with AED in the design of a mail-out questionnaire which has been sent to all CAPS students still in the United States. The purpose of the questionnaire is to develop a profile for a successful CAPS student and measure the effect of the in-country training program, and to elicit the students' evaluation of the content, management, and delivery of the services and training provided to them from their initial selection to the present time. Once the responses to the questionnaire have been analyzed, a representative sample of students will be interviewed to follow up on the results. CAL and the Academy plan to finish collecting the information for the database by the end of June. We hope to complete the study for USAID/Honduras review by the end of the summer.

I. Follow-on/Follow-up Workshops

CENTRAL AMERICA PEACE SCHOLARSHIP PROJECT HONDURAS

Agency for
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Washington, D.C.



Academy for
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REUNION

PARTICIPANTES QUE REGRESARON DE DICIEMBRE DE 1989 A FEBRERO DE 1990
COORDINADORES LIC. RAUL PAZ Y DOÑA BESSY DE ACOSTA.

AGENDA

9:00 A 9:30	BIENVENIDA
9:30 A 10:00	REVISAR DOCUMENTOS
10:00 A 10:30	PRESENTACION DE LOS PARTICIPANTES
10:30 A 10:45	DESCANSO
10:45 A 12:00	COMPARTIR EXPERIENCIAS
12:00 A 1:30	ALMUERZO
1:30 A 3:00	FIJACION DE METAS
3:00 A 3:15	DESCANSO
3:15 A 4:00	PROGRAMA DE SEGUIMIENTO
4:00 A 4:30	ASOCIACION DE EX-BECARIOS
4:30 A 5:00	CLAUSURA

1255 23rd Street, N.W.
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AED/CAPS, APDO #389
Comayagüela-Honduras
Tel. 22-7977

RE-ENTRY SEMINAR

9 de Febrero de 1990

OBJETIVOS

1. Fortalecer las relaciones interpersonales entre los egresados del Programa Académico.
2. Ayudar a disminuir el choque cultural que experimentan los Ex-Becarios a su regreso a Honduras.
3. Estimular a los Ex-Becarios a que reflexionen sobre su realidad a partir de su reingreso al país.
4. Facilitar la fijación de metas por parte de los Ex-Becarios.
5. Informar a los Ex-Becarios acerca del Programa de Seguimiento de la Capacitación.
6. Analizar la viabilidad de crear la Asociación de Ex-Becarios del Programa Académico.

AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/HONDURAS

18 de enero de 1990

Estimado Ex-Becario:

Por este medio te estamos invitando para que asistas al Seminario de Re-ingreso que se celebrará el día viernes 9 de febrero de 1990 de las 9:00 a.m. a las 5:00 p.m. en las Oficinas de CAPS/AID/AED, ubicadas en la siguiente dirección:

5 piso Edificio Simón
Boulevard Suyapa
Frente a Químicas Dinant
Tegucigalpa, D.C.

Favor confirmar al teléfono: 31-4303

Atentamente,



Raúl E. Paz
Especialista en Capacitación
USAID/Honduras

Se adjunta:

1. Objetivos del Re-Entry Seminar
2. Agenda

Mailing Addresses: From USA: USAID/Honduras, APO Miami, FL 34022
In Honduras: Apartado Postal 26-C, Avenida La Raz, Tegucigalpa, D.C.
TEL: (011-504) 32-3120 TELEX 1593 USAID HO FAX (011-504) 31-2776

28

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EX--BECARIOS INVITADOS AL SEMINARIO DEL 9 DE FEBRERO, 1990

1. MARIO TALAVERA	TELEGRAMA
2. JESUS OVIEDO	52-00-84
3. RÓCIO BARDALES	56-20-04
4. ALBA HERNANDEZ	TELEGRAMA
5. SANDRA RIVAS	37-39-20
6. JOSE HERNANDEZ	95-40-93
7. BRENDA DE RUIZ	52-25-76
8. DOUGLAS MARTINEZ	38-00-40
9. MARIA INES MENDOZA	TELEGRAMA
10. MARIA RODRIGUEZ	TELEGRAMA
11. CARMEN URBINA	52-50-60
12. RAMON NUILA	31-45-35
13. MARTHA REYES	52-64-74
14. LISANDRO PALMA	22-93-83
15. GLORIA CAÑADAS	37-11-03
16. OSCAR ORTIZ	TELEGRAMA
17. REYNA MEJIA	TELEGRAMA
18. JUAN CARLOS BORJAS	32-95-58

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Becarios que Asistieron al Seminario del 9 de Febrero de 1990

1. REYNA MEJIA
2. MARIO TALAVERA
3. JESUS OVIEDO
4. JUAN CARLOS BORJAS
5. MARIA RODRIGUEZ
6. CARMEN URBINA
7. RAMON NUILA
8. OSCAR ORTIZ
9. MARIA SUYAPA MENDOZA
10. JOSE HERNANDEZ
11. ALBA HERNANDEZ
12. DOUGLAS MARTINEZ
13. SANDRA RIVAS
14. MARTHA REYES DISCUA
15. LISANDRO PALMA
16. GLORIA CAÑADAS
17. ROCIO BARDALES
18. BRENDA DE RUIZ

Mario Talavera
La Chomita

Al Bargas
M. Nuila

Jose Hernandez

Sandra Rivas

Lisandro Palma
Gloria Cañadas
Rocio Bardales

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A. E. D.

W O R K S H O P

NOVIEMBRE 10, 1989

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A G E N D A

9:00 - 9:15	OBJETIVOS DEL SEMINARIO
9:15 -10:15	PRESENTACION DE LOS PARTICIPANTES
10:15 -12:00	QUE HAN HECHO DESDE SU REGRESO? QUE LOGROS HAN TENIDO? QUE PROBLEMAS HAN ENFRENTADO? CUALES SON SUS PROYECTOS FUTUROS? PERSONAL PROFESIONAL TRABAJO FAMILIAR
12:00 - 1:30	ALMUERZO
1:30 - 2:30	DISCUSION Y CONCLUSIONES
2:30 - 3:15	QUE HACER?
3:15 - 3:30	RECESO
3:30 - 4:30	LA ASOCIACION DE EX- BECARIOS
4:30 - 5:00	CLAUSURA

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II. ACTIVIDADES.

- | | |
|---|---------------|
| 1. OBJETIVOS DEL SEMINARIO | 9:00 - 9:15 |
| 2. PRESENTACION DE LOS PARTICIPANTES | 9:15 - 10:15 |
| 3. QUE HAN HECHO DESDE SU REGRESO?
QUE LOGROS HAN TENIDO? QUE PROBLEMAS HAN
ENFRENTADO? CUALES SON SUS PROYECTOS FUTUROS?
PERSONAL
PROFESIONAL
TRABAJO
FAMILIAR | 10:15 - 12:00 |
| 4. ALMUERZO | 12:00 - 1:30 |
| 5. DISCUSION Y CONCLUSIONES | 1:30 - 2:30 |
| 6. QUE HACER? | 2:30 - 3:15 |
| 7. RECESO | 3:15 - 3:30 |
| 8. LA ASOCIACION DE EX-BECARIOS | 3:30 - 4:30 |
| 9. CLAUSURA | 4:30 - 5:00 |

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23

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RE- ENTRY SEMINAR

NOV-10, 1989

1. OBJETIVOS

1. Facilitar que los ex-becarios se conozcan personalmente unos a otros.
2. Estimular a los ex- becarios para que reflexionen sobre su realidad a partir de su reingreso a Honduras.
3. Identificar los logros y problemas de los ex- becarios.
4. Identificar alternativas de solución.
5. Analizar la viabilidad de crear la ASOCIACION de ex-becarios.

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EX - BECARIOS AED QUE ASISTIERON AL SEMINARIO DEL 10-NOV-1989

1. RENE ANTONIO, BARAHONA ROMERO
2. NUVY CAROLINA, BOSCH
3. EFRAIN, COREA YANEZ
4. JOSE CONCEPCION, ESPINAL MOLINA
5. LUIS ALBERTO, GARAY HERNANDEZ
6. TULIO GUADALUPE, MARTINEZ GREEN
7. EDAS, MUNOZ GALEANO
8. LUIS FERNADO, RIVERA RIBAS
9. BRENDA ZULEMA, ESCOBAR DE RODAS
10. DAYSI GUADALUPE, AVILA AVILA
11. JEAN PATRICIA, GOUH RODRIGUEZ
12. SILVIO, SALINAS TOME
13. MARIA SUYAPA, MENDOZA ARTICA

EX- BECARIOS AID QUE ASISTIERON AL SEMINARIO DEL 10- NOV-1989

1. DE CANALES, SAIDA ISIDRA
2. CHINCHILLA LOPEZ, CANDIDO HUMBERTO
3. COFLO, EDITH GERALDINA
4. FLORES BRITO, ESPERANZA
5. DE MARTINEZ, GIRON MARIA VILMA
6. DE MORALES, JULIA ISABEL
7. DE NUNEZ GARCIA, LUZ MARIA
8. PALMA CARIAS, ALEJANDRO
9. SANCHEZ MELENDEZ, ALTAGRACIA
10. SORIANO REYES, SANTOS CRISTOBAL
11. UCLES MARTINEZ, JOSE ARTURO
12. VALLADARES ARIAS, ROLANDO
13. VELASQUEZ ORELLANO, RAFAEL ONAN
14. OCHOA, GLORIA
15. DE BU, LESLY
16. PEREZ, MARTHA DORIS
17. DIAZ, ALDUVIN
18. REYES ANDINO, DOLORES HUMBERTO
19. GAIDO, MARIA SAGRARIO
20. LEIVA LEIVA, MARTHA SUYAPA
21. MONTES, AURORA SOLEDAD
22. DE RAMIREZ, GAMERO ADALILA
23. ECHEVERRIA, IRMA MARIA
24. DE PAVON, SANTOS REBECA
25. DE VALLADARES, MACHUCA LORENA
26. MELARA MELGAR, ARELY
27. DE FORTIN, DUARTE GALEAS JUANA ROSARIO
28. PERDOMO ESCOBAR, ORBELINDO ANTONIO
29. DE YOUNG TORRES, BUSTILLO LETICIA
30. GAMERO PINEL, JOSEFINA

EX- BECARIOS INVITADOS A REUNION DEL 10-NOV-1989

AED

1. RENE ANTONIO, BARAHONA ROMERO
2. NUVY CAROLINA, BOSCH
3. CELFA IDALISIS, BUESO FLORENTINO
4. JAIME JACINTO, BUSTILLO PON
5. RAMON, CHACON FERRUFINO
6. RICARDO, CHAVEZ NUNEZ
7. ANGEL NAPOLEON, COCA FLORES
8. EFRIN, COREA YANEZ
9. JOSE CONCEPCION, ESPINAL MOLINA
10. DANIEL ALBERTO, FIGUEROA FIGUEROA
11. LUIS ALBERTO, GARAY HERNANDEZ
12. JEAN PATRICIA, GOUGH RODRIGUEZ
13. DAGOBERTO, IRIAS
14. ROQUE, LOPEZ BARAHONA
15. ESDRAS AMADO, LOPEZ RODRIGUEZ
16. ISIDRO, LUNA TREJO
17. MIRNA, MARIN NASSER
18. TULIO GUADALUPE, MARTINEZ GREEN
19. MAYRA DINORA, MARTINEZ GARCIA
20. MARIA DE JESUS, MARTINEZ RIOS
21. FLAVIO AUGUSTO, MARTINEZ GARCIA
22. SUYAPA MARIA, MENDOZA ARTICA
23. JOSE HUGO, MILLA HERNANDEZ
24. EDAS, MUNOZ GALEANO
25. ATILIO, ORTIZ FUNEZ
26. JOSE RENE, PADILLA REYES
27. JUAN GERARDO, PAZ PAREDES
28. DARLIN NOE, PEREZ REGALADO
29. JOSE ANTONIO, REYES CHIRINOS
30. ORLANDO, RIVERA IZAGUIRRE
31. LUIS FERNANDO, RIVERA RIBAS
32. BRENDA ZULEMA, ESCOBAR DE RODAS
33. JORGE EMILIO, SALAVARREI HENRIQUEZ

34. SILVIO, SALINAS TOME
35. ROLANDO, SANTELI GARCIA
36. CARLOS ARTURO, SIERRA S.
37. MARTIN GERARDO, ULLOA ORTIZ
38. MARIA ELENA DE VILLAR
39. CARLOS ENRIQUE, VILLAEDA ALVAREZ
40. MONICO ADOLFO, MEJIA ZELAYA
41. TITO LIVIO, ZUNIGA
42. DAYSI GUADALUPE, AVILA AVILA.

EX - BECARIOS AID INVITADOS A REUNION DEL 10-NOV-1989

1. ALVAREZ ARGUETA, ROSSANA CRISTINA
2. ANDRES CUEVA, GRACIA MARIA
3. ARELLANO DONAIRE, ROBERTO
4. BUSMAIL NINI, ALBERTO
5. DE CANALES, SAIDA ISIDRA
6. CHINCHILLA LOPEZ, CANDIDO HUMBERTO
7. COELLO, EDITH GERALDINA
8. DUARTE DERAS, OSCAR MENELIO
9. DUARTE GALEAS, JUANA ROSARIO
10. ESCOTO RAMIREZ, MIRIAM MARLIN
11. FERNANDEZ MEDINA, ELISA
12. FUNEZ HERNANDEZ, MARIO ENRIQUE
13. FIGUEROA ERAZO, FRANCIS ALEM
14. FLORES BRITO, ESPERANZA
15. GARCIA TURCIOS, LOIDA JUDITH
16. GARCIA ZEPEDA, CLAUDIA MARIA
17. GIRON JIMENEZ, MARCO TULIO
18. HERNANDEZ LARA, ROMEO ARTURO
19. LARA MARTINEZ, IRMA HAYDE
20. LEIVA LEIVA, MARTHA SUYAPA
21. MARTINEZ PERDOMO, MARCO ANTONIO
22. DE MARTINEZ, MARIA VILMA GIRON
23. DE MORALES, JULIA ISABEL
24. NAVARRO RIOS, ALBERTINA
25. NUNEZ HERNANDEZ, DAGOBERTO
26. DE NUNEZ GARCIA, LUZ MARIA
27. PALMA CARIAS, ALEJANDRO
28. NUNEZ CHIMILIO, MARIO FERMIN
29. PERDOMO LAINEZ, ROMEO EMILIO
30. PEREZ GONZALEZ, MARTHA DORIS
31. DE RAUDALES, VILMA CONZUELO
32. RAMOS HERNANDEZ, JOSE LEONARDO
33. RIVAS PAGOAGA, MARIA DEL CARMEN
34. RODEZNO GAUGEL, EDITH PIEDAD
35. RODRIGUEZ LAGOS, MARIA
36. FERNANDEZ CARCAMO, JOSE FELIPE

37. MONTES, AURORA SOLEDAD
38. SANCHEZ MELEMDEZ, ALTAGRACIA
39. SORIANO REYES, SANTOS CRISTOBAL
40. UCLES MARTINEZ, JOSE ARTURO
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45. MONTES, AURORA
46. DE RAMIREZ, GAMERO ADALILA
47. ECHEVERRIA, IRMA MARINA
48. DE PAVON, SANTOS REBECA
49. DE VALLADARES, MACHUCA LORENA
50. MELARA MELGAR, ARELY
51. PÉRDOMO ESCOBAR, ORBELINDO ANTONIO
52. DE YOUNG TORRES, LETICIA BUSTILLO
53. OCHOA, GLORIA
54. DE BU, LESLI
55. PEREZ, MARTHA DORIS
56. DÍAZ, ALDUVIN
57. GAMERO PINEL, JOSEFINA

**II. Advertisements, Announcements, and Letters
to Potential Employers**

PROYECTO CAPS/ USAID/HONDURAS

La Academia para el Desarrollo Educativo (AED), informa a las instituciones públicas y privadas que han finalizado sus estudios durante este semestre del otoño otro grupo de becarios del Proyecto Centro América de Becas para la Paz (CAPS), patrocinados por la Agencia para el Desarrollo Internacional (AID), quienes regresan con el deseo de integrarse al proceso productivo del país. Mayor información en el Tel. 31-4303.

Cuarta Promoción

Rocio Odette Bardales Mejia	AA	Ciencia de la Computación
Lisandro Palma Landa	AS	Agricultura/Reproducción Animal
Martha Elizabeth Reyes Discua	AS	Micro-Computación
Sandra M. Rivas Alvarez	AS	Micro-Computación
Douglas Reynaldo Martínez Salgado	AS	Administración/Mercadeo
José Mario Hernández Gómez	BS	Ciencias Forestales
Oscar Ortiz López*	BS	Ingeniería Electrica
Reyna Irene Mejia Chacón*	BS	Ciencias Economicas
Carmen Xiomara Urbina Carias	BS	Administración Agrícola
Maria Natividad Rodríguez Lagos	BS	Lenguas (Inglés/Español)
Juan Carlos Borjas Galo	BS	Administración de Empresas
Jesús Alexis Oviedo Ramos	BS	Ciencia Animal/Zootecnia
Mario Edgardo Talavera Sevilla	BS	Fitopatología/Horticultura
Gloria Alejandrina Cañadas Rivera	MS	Ingeniería Industrial
Alba Isbela Hernandez Oviedo	MS	Ciencias Maritimas/Limnología
María Inés Mendoza Artica	MS	Administración Agrícola
Ramon Wilfredo Nuila Coto	MS	Comunicación Agrícola
Brenda Marieta de Ruiz	MS	Economía Agrícola

*Continúan estudios de Maestría

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Octubre 23, 1989

Licenciada
Maria Elena Chávez
Gerente de Personal
Banco de Honduras

Estimada Licenciada

El Proyecto Centro America de Becas para la Paz (CAPS) tiene una duración de 7 años de Junio 1986 a Junio de 1993, y fue desarrollado por la AID como una respuesta al informe de la Comisión Bipartidista sobre America Central, que detalla los serios problemas económicos, políticos y sociales de la región y sugiere formas para aliviarlos, al proveer educación para mas de 350 jovenes hondureños, seleccionados por su excelente nivel académico y su potencial de liderazgo.

El Proyecto esta contribuyendo al desarrollo económico y social del país. El adiestramiento es ofrecido en areas como Agricultura, Administración de Empresas, diversas Ingenierias, Educación, Salud y Administración Pública. Aproximadamente la mitad de los Ex-becarios completaron carreras a nivel de licenciatura y la otra mitad a nivel de Maestría o de Títulos Asociados.

La Academia para el Desarrollo Educativo es responsable de la administración, coordinación e implementación de las actividades del Proyecto. Estas actividades incluyen el entrenamiento en Honduras, con una duración de nueve meses, en idioma inglés matemáticas y ciencias, orientación antes de partir y la ubicación, monitoreo y administración de estudiantes en universidades de los Estados Unidos.

El Proyecto provee una formación integral, ya que ademas del programa académico y aprendizaje del idioma ingles los estudiantes participan en actividades culturales y sociales que les permiten adquirir o fortalecer actitudes positivas hacia el trabajo y la convivencia con los demás. Muchos becarios participan en prácticas profesionales en Empresas Hondureñas y americanas, lo que les facilita la adquisición

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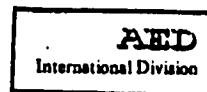
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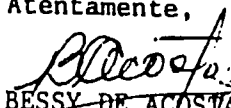


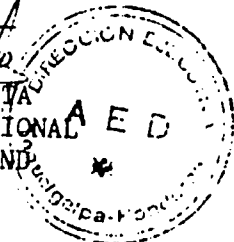
de las destrezas necesarias para desenvolverse con éxito en sus futuros empleos.

En Resumen el Proyecto Centro America de becas para la Paz (CAPS), está contribuyendo en forma significativa a formar recurso humano altamente calificado en areas críticas para el desarrollo económico y social de Honduras. Estos recursos humanos los estamos poniendo a la disposición de las instituciones del sector público y sector privado del país.

Adjunto encontrará información adicional que puede ser de su interés particular para responder a cualquier consulta relacionada con el tema, por favor llamar al teléfono 31-43-03

Atentamente,


BESSY DE ACOSTA
DIRECTORA NACIONAL
CAPS/USAID/HOND



Adjunto: Curriculum de Sr. Hugo Milla, Carolina Castro, Mayra Martinez,
y Tulio Guadalupe Martinez Green

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Lista de Instituciones a las que se les envio Carta

1. INSTITUTO HONDUREÑO DE SEGURIDAD SOCIAL (LIC. MARY CRUZ)
2. MINISTERIO DE RECURSOS NATURALES (MNS. MARIO NUFIO GAMERO)
3. MINISTERIO DE ECONOMIA (MNS. .RAMON MEDINA LUNA)
4. INSTITUTO HONDUREÑO DEL CAFE (ING. ENRIQUE DURON AVILEZ)
5. INSTITUTO NACIONAL AGRARIO (LIC. JUAN RAMON MARTINEZ)
6. BANCO NACIONAL DE DESARROLLO AGRICOLA (BANADESA) (LIC.GUSTAVO ZELAYA)
7. CORPORACION HONDUREÑA DE DESARROLLO FORESTAL (LIC. PROFIRIO LOBO)
8. CENTRO DE DESARROLLO INDUSTRIAL (CDI) (LIC. ASTERIO REYES)
9. MEJORES ALIMENTOS DE HONDURAS (ING. RENE DURON ESCOTO)
10. PROYECTO DE CREDITO AGROPECUARIO (LIC. RAMON NARVAEZ)
11. GRUPO ALCON (ING. JIMMIE TAYLOR)
12. PROYECTO DE TECNOLOGIA RURAL (PTR) (LIC. JOSE CORRALES)
13. INSTITUTO DE CREDITO EDUCATIVO (EDUCREDITO) (LIC. WILFREDO CERRATO)
14. INTEGRACION ECONOMICA (BCH) (LIC. MARIA ELENA DE VILLAR)
15. INSTITUTO HONDUREÑO DE SEGURIDAD SOCIAL (DR. SAMUEL GARCIA)
16. GRUPO ALCON (ING. DANIEL MENJIVAR)

Central American Peace Scholarship (CAPS) Project

Marzo 12, 1990

Ingeniero
 Mario Nufio Gamero
 Ministro de Recursos Naturales
 Su Oficina

Estimado Ingeniero:

El Proyecto Centro América de Becas para la Paz (CAPS) fue creado por la Agencia de los Estados Unidos para el Desarrollo Internacional, (USAID) como una repuesta al informe de la Comisión Bipartidista sobre América Central. Dicha comisión destaca los serios problemas económicos, políticos y sociales de la región. Como solución a estos problemas sugiere el proveer becas educativas para más de 350 jovenes Hondureños, seleccionados por su excelente nivel académico.


El Proyecto CAPS que tiene una duración de 7 años, de junio 1986 a junio 1993, está contribuyendo al desarrollo económico y social del país, ofreciendo adiestramiento en áreas como Agricultura, Administración de Empresas, diversas Ingenierías, Educación, Salud y Administración Pública. De los diferentes becarios graduados, aproximadamente la mitad de ellos completaron sus carreras a nivel de Licenciatura y la otra mitad a nivel de Maestría o títulos Asociados.

La Académia para el Desarrollo Educativo es la responsable de la administración, coordinación, e implementación de las actividades de dicho Proyecto. Estas actividades incluyen además del entrenamiento de los becarios en Honduras durante nueve meses, en idioma inglés, matemáticas y ciencias; también, la orientación antes de partir a los Estados Unidos y la ubicación, monitoreo y administración de los estudiantes en las universidades de dicho país.

El Proyecto CAPS provee una formación integral, ya que además del programa académico y el aprendizaje del idioma inglés, los estudiantes participan también en actividades culturales y sociales que les permiten adquirir o fortalecer actitudes positivas hacia el trabajo y la convivencia con los demás. Muchos becarios participan en prácticas profesionales en empresas Hondureñas y Americanas, lo que les facilita la adquisición de las destrezas necesarias para desenvolverse con éxito en sus futuros empleos.

En resumen, el Proyecto Centro América de Becas par la Paz (CAPS) está contribuyendo en forma significativa a la formación de recursos humanos altamente calificados en áreas críticas para el desarrollo económico y social de Honduras. Estos recursos humanos son los que estamos poniendo a la disposición de las instituciones del sector público y privado del país.

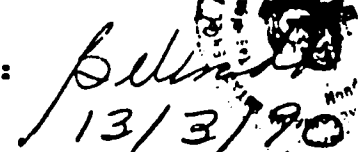
Adjunto encontrará información adicional que puede ser de su interés. Si desea ampliar dicha información , por favor llame al teléfono: 31-43-03 en Tegucigalpa.

Atentamente,

 Betsy de Hosta
 Directora Regional del Proyecto
 CAPS/USAID/Honduras



AED

RECIBIDO POR:


 13/3/90
 46





NOTA S-DARH-261-90

Tegucigalpa, F.M.
21 de marzo de 1990

Señora
BESSY DE ACOSTA
Directora Regional del Proyecto
CAPS/USAID/Honduras
Su Oficina

Estimada Señora Directora:

Tengo el agrado de dirigirme a usted en ocasión de expresarle nuestro sincero agradecimiento por la información que nos ha brindado acerca del Proyecto Centroamerica Becas para la Paz (CAPS) creado y financiado por la Agencia de Los Estados Unidos para el Desarrollo Internacional- USAID.

Asimismo permitame manifestarle nuestro deseo de fortalecer las relaciones entre la Secretaría de Recursos Naturales y ese importante Programa, en el interes de buscar nuevas opciones para la formación y capacitación de los recursos humanos necesarios para el desarrollo del Sector Agrícola.

La ocasión es propicia para saludarle muy atentamente y deseárselo los mejores exitos en sus funciones.

Atentamente,

ING. MARIO BANTEL NÁJERA CAMERO

Ministro.

cc: Sres. Viceministros
Dirección de Rec. Humanos
Archivo.

MDNF/ mmdet.



AMERICAN EMBASSY - TEGUCIGALPA

ADMINISTRATIVE NOTICE

JOINT ADMINISTRATIVE OFFICE

No. 1988-89 DATE: October 26, 1989 DISTRIBUTION: F
ISSUING OFFICE: CJA0: Robert D. Austin Jr. *RMA*
SUBJECT: VACANCY ANNOUNCEMENT
REFERENCE:

TITLE OF POSITION: Clerk Typist
LOCATION: Department of Agriculture, Tegucigalpa
CLOSING DATE: November 7, 1989
GRADE : FSN-4 (Personal Services Contract)

Major Duties and Responsibilities:

Receives various typing assignments and prepares correspondence materials, reports in accordance with established procedures, style manuals and specified formats.
Maintains Agriculture office files according to established guidelines and procedures.
Answers telephone, directs calls to staff members and takes messages.
Enters specific agricultural data (trade statistics) and trading company data into office computer per program instructions as provided in User Manual.
Translates short documents from English to Spanish or viceversa.
Prepares documents pertaining to official travel and other expenditure of office funds in accordance with established procedures and post operating manuals. This document preparation includes preparing the necessary forms to initiate payment of bills related to office operations and sending the complete forms to the Post B&F Officer.
Maintains administrative control of related incoming and outgoing correspondence in the office.
Picks up and delivers office correspondence, mail, and unclassified cable communications.

Reproduces (copies) materials designated for reproduction.
Generates ad hoc reports for AIMS program when requested.
Updates mailing list via entry of data into computer data base.
Performs a variety of administrative function in support of the general operations of the office (filling out work orders, supplies requests etc.)

Desired Qualifications:

Education: Completion of secondary school is required, including courses in typing, office practices and word processing.

Experience: Three years of typing and clerical experience with some low administrative responsibilities.

Skills: Level III typing ; ability to use Word Processor desired.

Language: Level III English ability is required.

This position is available to Honduran citizens who possess the above qualifications. Any person interested in applying for this position should submit an Application for Employment (OF-174) to the Embassy Personnel Office no later than November 7, 1989.

Ambr
Clearance: A.M. Martinez, PER Specialist

WSH
WSH/ld

memorandum

DATE: October 30, 1989
REPLY TO
ATTN OF: John Warren, ARDO
SUBJECT: Participant Follow-up Program
TO: Mr. Raul E. Paz, HRD/P

I. Regarding your request for information on returning USAID participants, I am personally aware of the following recent returnees:

A. CAPS:

1. Monico Zelaya, B.S. Idaho, returned to FDP (522-0246)
2. Mirna Marin, Ph.D. - Texas A&M: Lacks final dissertation, but has returned to joint position UNAH/RENARE.

B. NRMP (522-0168):

1. Javier Mayorga, M.S. Arizona: returned to work in LUPE (522-0292).
2. Carlos Flores, Lic. Agric. Admin., Universidad José Cecilio del Valle: returned to position in LUPE.
3. Lizzeth Castillo, M.S. Idaho: returned to position in LUPE.
4. Miguel Sánchez, M.S. Oklahoma State: returned to position in LUPE.
5. Cándido Ruiz, B.S. Arizona: returned to LUPE.
6. Jaime Nuñez, certificate, Univ. of Missouri: returned to public sector job outside of LUPE.

An additional seven degree participants in Honduras and six in the U.S. are scheduled to return to positions within LUPE when they complete their programs.

II. Regarding job opportunities for other returning participants, the LUPE Project will be expanding over the next several years, and may provide opportunities for employment in at least the following areas:

Agricultural extension
Agricultural education
Agricultural economics
Home economics/WID
Food processing and marketing
Agroforestry
Environmental concerns
Horticulture
Agronomy
Agricultural Engineering

cc: M. Maxey, ARD
A. Centeno, HRD/P
E. Leonard, HRD

III. Campus Visit Schedule

CAMPUS VISIT SCHEDULE FALL 1989

**- previously used school, never visited
*- new school this fall, never visited

<u>SCHOOL</u>	<u>STUDENTS</u>	<u>CAMPUS VISIT DATE</u>	<u>PROG. SPEC.</u>
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VERMONT

Johnson State College	4	September 11	NMW
Trinity College	1	September 11	NMW

•5 Total Students

TENNESSEE

Tennessee Tech. **	5	September 25	SAE
U. Tenn./Knoxville	5	September 26	SAE
Tennessee State U.	general	September 27	SAE

KENTUCKY

Kentucky State Univ. **	7	September 28-29	SAE
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•17 Total Students

IDAHO

Lewis/Clark *	1	October 2	MYT
Univ. of Idaho	11	October 3-4	MYT
Linfield College	2	October 5	MYT
Oregon State	5	October 6	MYT

•19 Total Students

MICHIGAN

Adrian College *	5	October 9	NMW
Grand Valley St.Col. **	1	October 10	NMW
Ferris State Univ. **	7	October 10-11	NMW

ILLINOIS

IECC	12	October 12-13	NMW
S. Ill. Univ.	11	October 16-17	NMW

INDIANA

Ball State University	7	October 18	NMW
Purdue University *	2	October 19	NMW
Vincennes University	1	October 19	NMW

•46 Total Students

FLORIDA

Daytona Beach C.C.	4	October 23	SAE
University of Cent. FL	2	October 24	SAE
Univ. of Florida	7	October 25	SAE
Florida A & M Univ.	9	October 26-27	SAE

ALABAMA

Univ. of S. Alabama	9	Oct. 30-Oct. 31	SAE
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•31 Total Students

MISSOURI

Lincoln Univ. *	2	October 30	MYT
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KANSAS

Allen County Col. *	3	October 31	MYT
Kansas State Univ.	5	November 1-2	MYT
Pittsburg State Univ. *	1	November 3	MYT
St. Mary of the Plains	5	November 6	

OKLAHOMA

Oklahoma State Univ.	12	7-8	MYT
N. E. Oklahoma A & M	13	9-10	MYT

•41 Total Students

VIRGINIA

Virginia Tech.	3	November 13	NMW
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•3 Total Students

TOTAL STUDENTS TO BE VISITED FALL 1989: 162

54

ILLINOIS

Augustana College	4	March 28-April 6	NMW
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IOWA

Hawkeye Institute of Tech.	4	March 28-April 6	NMW
Muscatine Community College	10	March 28-April 6	NMW
University of Northern Iowa	7	March 28-April 6	NMW
Wartburg College	6	March 28-April 6	NMW

Students: 31

DELAWARE, MARYLAND

Delaware State University	3	April 10-13	SAE
University of Delaware	3	April 10-13	SAE
University of Maryland/E.S.	10	April 10-13	SAE

Students: 16

•TOTAL STUDENTS TO BE VISITED IN SPRING TERM 1990: 113

IV. Tax Guidance to Students

CENTRAL AMERICA PEACE SCHOLARSHIP PROJECT HONDURAS

Agency for
International
Development

Washington, D.C.



Academy for
Educational
Development



March 15, 1990

TO: ROSA L. FLORES
FR: CAPS Honduras Program
RE: 1989 Taxes

PLEASE READ THIS MEMO FIRST

This package contains forms, publications, letters from the Agency for International Development (AID), and financial information you will need to help you understand your tax filing obligation with the U.S. Internal Revenue Service (IRS).

KEY POINTS TO REMEMBER:

- Read all the handouts from the AID's Office of International Training (OIT).
- Complete your 1040NR. If you need clarification on any item refer to the OIT sample form and the IRS publications.
- From now on, please be sure to keep receipts for everything. In the event of an audit by the IRS, you may be required to produce receipts.
- Remember, if you have not yet filed for Social Security, you will need to do so as soon as possible and communicate your new Social Security number to the Academy for Educational Development (AED).
- Return to the Academy for Educational Development:
Document 2848, Power of Attorney, signed and notarized if needed.
Form W-4 completed and signed.

1255 23rd Street, N.W.
Washington, D.C. 200
(202) 862-1900
Telex: 197601 ACADED WS
AED/CAPS, APDO #3:
Comayagüela-Honduras
Tel. 22-79

58

- If you determine that you **DO NOT OWE** money to the IRS, send your 1040NR, 1042S, Statement of Expenditures, 1040NR Worksheet, and letter stating your tax classification directly to the IRS.
- If you determine that you **OWE** money to the IRS, send a copy of your 1040NR, 1042S, Statement of Expenditures, 1040NR Worksheet, letter stating your tax classification, and completed Transmittal Form directly to the Agency for International Development. **Your deadline for submitting your completed tax form to OIT is May 1, 1990.**
- Retain copies of **everything** you send in the mail.

MATERIALS ENCLOSED:

- Letter from OIT regarding your scholarship classification.
- Memo from the Director of the Office of International Training (OIT), Mr. Alfred Bisset.
- OIT's Instructions on how to complete 1040NR.
- OIT's Sample 1040NR and 1040NR Worksheet.
- AED's Statement of Expenditures.
- 1042S.
- OIT's Transmittal Form.
- 1040NR Form (2). You may require additional forms which you will need to get from your local IRS office.
- 1040NR Instructions.
- Publication 508, Scholarship and Fellowship.
- Publication 519, U.S. Tax Guide for Aliens.
- Power of Attorney (Form 2848).
- 1990 Form W-4.

CENTRAL AMERICA PEACE SCHOLARSHIP PROJECT

HONDURAS

Agency for
International
Development

Washington, D.C.



Academy for
Educational
Development



March 15, 1990

ROSA L. FLORES

Dear ROSA L.:

It is now time to prepare for the filing of your 1989 tax return (form). In order to properly file your tax return, it will be necessary for you to read the enclosed materials **very carefully**.

The Agency for International Development (A.I.D.), Office of International Training (O.I.T.), has prepared these instructions to help simplify the filing of your tax return. Remember all participants are required to file a tax return if they have received any money from A.I.D. This is true even if no taxes are owed. Our organization does provide you the funds, but the money is from the Agency for International Development.

The IRS (tax bureau) has different rules for different kinds of students. After reviewing your file and A.I.D. Mission information, we have determined that you belong to the category checked below. We have included only the instructions for that category. Look at the definitions for the other categories. If you feel our determination is incorrect, please contact us so we may provide you materials for the proper category.

1. X Scholarship-Fellowship Students

Students enrolled in an educational institution that is authorized or accredited to provide a program that is acceptable for full credit toward a Bachelor's or higher degree or offers a program of training to prepare a student for gainful employment in a recognized occupation. These students:

- a. did not leave a permanent job to come to the U.S. for training or
- b. left a permanent job but the training is for some other job or in some other field or

1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900

Telex: 197601 ACADED WSH
AED/CAPS, APDO #389
Comayagüela-Honduras
Tel. 22-7977

60

- c. have a promise of a job upon completion of the training but the training is a requirement for obtaining that job.

2. Job Related Training Students

Students in training (academic or other training) who will BE IN THE U.S. FOR 24 MONTHS OR LESS and whose education or training must:

- a. be required by his/her employer to keep his/her present job or
- b. be for the purpose of maintaining or improving his/her skills for the present job.

This training cannot be for the purpose of promoting you to a higher level job or to train you for a different type of work. For example, if you are a teacher and you are in training to be an economist, you are not considered in job-related training; however, if you are a teacher and economics is a subject you teach, additional training in economics would improve your ability to teach the subject and would be considered job related.

3. Long Term Job Related Training Students

Students in academic training who will BE IN THE U.S. FOR MORE THAN 24 MONTHS and whose education or training must:

- a. be required by his/her employer to keep his/her present job or
- b. be for the purpose of maintaining or improving his/her skills for the present job.

4. Non-academic, non-job related students

Individuals in training who are not attending an institution for the purpose of obtaining a degree and who do not meet the definition of job related as stated in 2 or 3 above. This would normally be high school or college students in some type of technical training program or involved in a tour to observe procedures that relate to their future work in their country.

5. Students from countries having Tax Treaties with the U.S.

- Pakistan
- Phillipines
- Morocco
- Jamaica
- Barbados
- Cyprus
- Egypt

Again if you have questions about our determination, please call immediately so we can provide you with the proper materials.

TRANSMITTAL FORM

NAME: ROSA L. FLORES

ADDRESS:

Number	Street Name or P.O. Box	
Apartment #		
City	State	Zip Code

TELEPHONE NUMBER WHERE YOU CAN BE CONTACTED: () _____

NAME OF THE COMPANY/ORGANIZATION THAT MANAGES YOUR PROGRAM:

ACADEMY FOR EDUCATIONAL DEVELOPMENT
CAPS HONDURAS PROGRAM
1255 23RD STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20037

PERSON TO CONTACT IN THAT ORGANIZATION ABOUT YOUR PROGRAM:

MR. MICHAEL MORRIS
BUSINESS MANAGER
CAPS HONDURAS PROGRAM
TEL. (202) 862 - 1471

IMPORTANT:

MAIL THIS FORM WITH YOUR DOCUMENTS TO:

AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INTERNATIONAL TRAINING
SA -16 ROOM 201, TAXES
WASHINGTON, D.C. 20523-1601

621

Form **1042S**

Department of the Treasury
Internal Revenue Service

**Foreign Person's U.S. Source Income
Subject to Withholding**

For Paperwork Reduction Act Notice, see separate instructions for Forms 1042 and 1042S.

1989

OMB No. 1545-0096

**Copy E for
Withholding Agent**

Line	(a) Income code	(b) Gross income paid	(c) Withholding allowances (for income code 15 only)	(d) Net income (column (b) less column (c))	(e) Tax rate (%)	(f) Exemption code	(g) Federal tax withheld (net of any tax released)	(h) Country code
1	15	15,479.60						15
2								
3	Total	15,479.60						

4 Recipient code (see instructions) ▶ **03**

5 Recipient's U.S. tax identification number ▶ **487-99-2066**

6 Account number (optional) ▶ **09890000205**

7 RECIPIENT'S name (first name, initial, and last name), street address, city, province, country, and postal zone

**ROSA L FLORES
WARTBURG COLLEGE PO BOX 1071
WAVERLY
IA
50677**

9 WITHHOLDING AGENT'S name, address, and ZIP code (as shown on Form 1042)

**ACADEMY FOR EDUCATIONAL DEVELOPMENT
1255 23RD STREET, N.W.
WASHINGTON, DC 20037**

10 Withholding agent's EIN ▶ **15-0910292**

11 Payer's name and employer identification number (if different from withholding agent's)

12 State income tax withheld

13 Payer's state number

8 Recipient's country of residence for tax purposes

63

SCHOLAR'S NAME:	ROSA L. FLORES
PIO/P NUMBER:	597-0001-1-69116
AED PROJECT NUMBER:	20080
SELECTION DATE:	PRIOR TO AUGUST 16, 1986
ARRIVAL DATE:	05/30/87
DEPARTURE DATE:	05/31/91
COUNTRY OF ORIGIN:	HONDURAS
TRAINING TYPE:	SCHOLARSHIP / FELLOWSHIP
SPONSOR/CONTACT NAME:	AED / MICHAEL MORRIS

STATEMENT OF EXPENDITURES FOR 1989

TUITION & FEES:	5,768.00
BOOKS & EQUIPMENT:	360.00
TYPING:	0.00
U.S. ELT:	0.00
IN-COUNTRY ELT:	0.00
RESEARCH COSTS:	0.00
MAINTENANCE:	5,514.00
BOOK SHIPMENT:	0.00
SEMINARS:	990.90
ORIENTATIONS:	439.00
TRAVEL:	408.00
HEALTH INSURANCE:	0.00
*OTHER ALLOWANCES:	0.00
TOTAL:	13,479.90

*Include costs for membership subscriptions and IRS payments.

64

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

JAN 30 1990

MEMORANDUM

To: A.I.D. Participant Trainees
From: Alfred Bisset *Alfred Bisset*
Director, Office of International Training (OIT)
Agency for International Development

Subject: 1989 Federal Income Taxes

As many of you know, A.I.D. funded participants studying in the United States are subject to the tax laws of the U.S. What this means to you is that you are required to file an income tax form if monies have either been paid to you or paid on your behalf from Agency for International Development funds. In some cases, in addition to filing a tax return, you will be required to pay taxes on the monies received.

In 1989, A.I.D. announced that it would assume the financial burden of paying these taxes. This means that A.I.D. will provide the money to pay taxes, if taxes are owed. Because A.I.D. will have to use money normally used to fund participants, it is extremely important that you complete the tax forms as carefully and correctly as possible. To assist you in this complicated task, materials are enclosed which explain how to complete the forms.

After you finish completing the forms, if you find that you owe taxes, please make a COPY of the tax documents and a copy of the statement of expenditures provided by your contractor and send them to the Office of International Training (OIT). Staff in OIT will review your entries and will communicate with you if there are questions or errors on your forms. We will return the forms to you at the close of the review with instructions on corrections or with a note stating that the form you submitted is correct. We will also send a letter to the organization that manages your program so that if taxes are due, they can

65

prepare a check payable to the IRS. If you do owe taxes, you should keep your tax forms until you receive this check so you can send the check with your tax return. Remember to sign your tax return before you mail it. It is to be mailed to:

Internal Revenue Service
Philadelphia, Pennsylvania, 19255.

If you complete your forms and determine that you do not owe taxes, you should send your forms directly to the IRS at the address above: IT IS NOT NECESSARY TO SEND YOUR FORMS TO OIT UNLESS YOU THINK YOU OWE TAXES. If later in the year, you are contacted by the IRS because they disagree with your determination or because there are errors on your forms, you may submit the same documentation requested above plus the correspondence from the IRS to the Office of International Training. OIT will conduct the same review and determine if taxes are owed. Arrangements will be made to pay the taxes if the determination is that the IRS is correct.

If you have no other income from sources in the U.S. except what is provided by A.I.D., your tax return must be filed along with monies owed by June 15, 1990. In order to accomplish the necessary review and make arrangements for payment, you must submit your completed forms to OIT (only ones which indicate that taxes are owed) by May 1. You should receive your statement of payments and this letter by Mid-March. This means you will have more than a month to complete the forms and mail them. If your documents are received after this deadline, the review will be conducted and taxes paid, but any penalties for late payment or filing will be your responsibility.

enclosures

66

INSTRUCTIONS FOR CATEGORY 1 PARTICIPANT TRAINEES

The instructions that follow are for participants who meet definition 1 in the cover letter. Before beginning this process you should read the example for Category 1 attached.

STEP ONE

Obtain a 1040NR - U.S. Non-Resident Alien Income Tax Return (from the Internal Revenue Service, your school, the Post Office) A form(s) may be enclosed with these instructions.

STEP TWO

If you do not have a statement of expenditures from the organization who manages your program, you should contact them immediately to find out when you can expect to receive the form.

If you do have a statement of expenditures, review it to make sure that it is correct.

STEP THREE

Using the attached model, complete the 1040NR

SIGN THE 1040NR

STEP FOUR

Complete the Transmittal form enclosed.

STEP FIVE

Make a copy of all of the forms you have completed as well as the statement of expenditures you received from your program manager and the Transmittal Form.

STEP SIX

Since you will more than likely have a tax liability, keep the original copy of the forms and mail the photocopy to the address on the Transmittal Form.

STEP SEVEN

OIT will review your forms and notify both you and your program manager of any changes. When you receive the notification from OIT, if you have a tax liability, wait until

you receive the check to pay this tax from your program manager before sending the original of your forms to the Internal Revenue Service.

STEP EIGHT

Make a copy of all your completed correct forms and save them. Save these instructions. You may need all of this information if you are contacted by the IRS regarding your taxes. THIS IS VERY IMPORTANT. The IRS may contact you regarding these forms anytime during the next three years (Three years from the filing date of June 15, 1990)

STEP NINE

When you receive your check, make sure you have signed your form and then mail it to the IRS.

If you do not receive a check from your program manager within two weeks of the date you received your notice from OIT, contact your program manager regarding the check.

Even if you have not received your check, you must mail your completed forms to the IRS by midnight, June 15. Failure to mail your forms will result in a penalty for late filing.

If you receive your check after the filing date or if your contractor mails your check to the IRS directly after the filing date, there may be a late payment penalty. The determination regarding who will pay this will be based on who failed to meet the deadlines.

STEP TEN

Relax!

68

CATEGORY 1

SAMPLE CASE

Abdul Aswar is a participant from Yemen. He is an undergraduate student studying Agricultural Engineering. He was not employed prior to coming to the U.S. because he was a full time student. He does have a promise of a job with the Agriculture Ministry when he finishes his degree. He expects to finish in 4 years. He is enrolled at a state college and is in his second year.

Abdul arrived on September 5, 1988. He was immediately enrolled in school and was enrolled and in the U.S. during all of 1989. The following is a list of expenditures made to him or on his behalf for the training conducted in 1989.

He is now preparing to complete his 1989 1040NR form.

His expenditure statement is as follows:

Tuition and fees	\$6,287
Maintenance	\$8,400
Books	\$ 780
Typing	\$ 200
Health Insurance	\$ 408
Travel to a Mid-Winter Seminar	\$ 425
Mid-winter Seminar Fee	\$ 350
TOTAL	\$16,650

After reading the definitions of types of participants, Abdul decided he belonged to category 1. His total program would be longer than 24 months; he would be returning to a job but he didn't work at that job before he left and in fact his training is necessary to qualify him for the job.

Before making any entries on the 1040NR form, Abdul read the

instructions which advised him to complete the supporting schedule for scholarship recipients. Attached is the form that he completed. There is also a blank for your use.

He then completed the 1040NR. He completed the following items:

First Name
Last Name
His street address in the U.S.
City, State and Zip Code
Country (U.S.A.)
His home country
His address in his home country

He then filled in his filing status. Abdul is single but even if he were married and had dependents living with him in the U.S. he would only be entitled to one exemption. None of the other boxes should be checked and only one exemption can be claimed in line e.

Abdul now skipped to line 12. Since the money he received is not considered wages but is a scholarship as defined by the IRS, the total amount received needs to be reported on line 12. This amount is also entered on line 23. The amount entered in both places should be taken from the expenditure statements provided by the contractors. In some cases, if payments are made to you or on your behalf by more than one contractor, you may need to add the totals together and enter them on line 12 and 23. If you complete the scholarship supporting statement you can do the calculating on that form.

In the section of the form called adjustments, there is a line which says scholarships and fellowships excluded, line 28. It is on this line that you transfer the dollar amount you entered in the statement on exclusions to scholarships. You enter this same amount on line 29. Line 30 is the result of subtracting line 29 from line 23. This is your adjusted gross income.

Abdul entered all the proper figures from his work sheets (see his form) and then moved to line 31 which is the same as line 30. Line 32 asked about other deductions from income. Abdul looked at the Schedule A form and determined he had spent no money on items that were listed on this form. He could have deducted contributions to charities, if he had proof (cancelled checks or receipts) he had made the contributions. He could also deduct payments to individuals who helped him complete his taxes LAST

YEAR if he had proof of payment. Last year, he read the materials carefully and decided that he could complete the forms himself so he made no such payments. Since there is nothing to report on Schedule A, Abdul entered 0 in line 32. The next entry was for his personal exemption. He entered \$2,000 (the maximum allowed for nonresident aliens unless they are from certain named countries--none of the A.I.D. countries except Mexico qualify for additional deductions)

He then subtracted his personal exemption from his adjusted gross income to arrive at his taxable income. He looked in the tax table (part of the 1040NR instruction book) to find out what was owed. He entered this amount on lines 36, 38, 52 and 67. He was finished with the hard part. He then signed the form. Next he moved to page five where he answered the questions. See the completed form.

Now he was ready to process the forms. First he completed the Transmittal form and then he made a copy of everything to keep.

He then sent one copy to the Office of International Training at A.I.D. for review. He waited. In three weeks he got this forms back with a cover letter saying they were correct. He was advised that his program manager would provide a check to cover the taxes due and that he should not send his form until he received the check. If he didn't receive a check in 3-4 weeks he needed to contact his program manager. In case the check didn't arrive before June 15, 1990, he was to send his forms to the IRS on that day without the check. This would mean no late filling penalty would be charged. Fortunately for Abdul, his program manager processed the check promptly and he was able to complete the entire process by May 10. On that day he mailed his forms to the IRS, Philadelphia, Pennsylvania, 19255. He stored his tax form away in case there were any questions in the future since he was told that he could be questioned for up to 3 years after the due date of the tax forms.

NAME Abdul Aswar SOC. SEC. NUMBER 123-45-6789

CALENDAR YEAR 1989

STATEMENT REGARDING SCHOLARSHIP - LINE 12, 1040NR

THE FOLLOWING AMOUNTS WERE RECEIVED BY ME DURING THE CALENDAR YEAR UNDER AN AGENCY FOR INTERNATIONAL DEVELOPMENT SCHOLARSHIP:

TUITION.....	\$ <u>6287</u>
BOOKS.....	<u>780</u>
FEEs.....	<u>incl. in tuition</u>
FOOD/LODGING/MAINTENANCE...	<u>8400</u>
TRAVEL.....	<u>425</u>
MID-WINTER SEMINAR.....	<u>350</u>
HEALTH INSURANCE.....	<u>408</u>
ORIENTATION.....	_____
OTHER (DESCRIBE).....	_____
.....	_____
.....	_____
.....	_____

TOTAL (ENTER ON LINE 12, 1040NR) \$ 16,650

THIS AMOUNT COVERED THE THE FOLLOWING DATES: 1-1-89 THROUGH 12-31-89. MY PROGRAM IS A 4 YEAR PROGRAM.

A CONDITION OF THIS SCHOLARSHIP, I AM TO RETURN TO MY HOME COUNTRY AND WORK THERE FOR A MINIMUM OF 2 YEARS. I AM ALSO NOT TO WORK IN THE U.S. UNLESS EXPRESSLY ALLOWED BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

STATEMENT REGARDING EXCLUSIONS TO SCHOLARSHIP - LINE 28, 1040NR

THE FOLLOWING AMOUNTS ARE EXCLUDABLE FROM INCOME UNDER THE SCHOLARSHIP/FELLOWSHIP PROVISIONS OF THE TAX LAW:

TUITION.....	\$ <u>6287</u>
BOOKS.....	<u>780</u>
FEEs.....	_____
LANGUAGE INSTRUCTION.....	<u>-</u>
TUTORING.....	<u>-</u>

TOTAL (ENTER ON LINE 28, 1040NR) 7067

Complete and attach this form to your 1040NR.

U.S. Nonresident Alien Income Tax Return

For the year January 1-December 31, 1989, or other tax year beginning 1989, and ending 19

1989

Your first name and initial Abdul **Last name** ASWAR **Identifying or social security number** 123-45-6784

Present home address (number, street, and apt. no., or rural route) (If a P.O. box, see page 4 of instructions) Carter Hall Room 330A **Check if:** Individual Fiduciary

City, town or post office, province/state, and ZIP code State University, State University CA 94001 **For Paperwork Reduction Act Notice, see page 1 of instructions.**

Country U.S.A.

Of what country were you a citizen or national during the tax year? Yemen

Give address outside the U.S. to which you want any refund check mailed (if same as above, write "Same"). **Give address in the country where you are a permanent resident (if same as above, write "Same").**
% Minister of Agriculture, SANA'A Yemen

Filing Status and Exemptions for Individuals (See pages 4 and 5 of the instructions.)

Filing status (Check only one box.)	7a	7b
	Yours/ll	Spou**
1 <input type="checkbox"/> Single resident of Canada or Mexico, or a U.S. National		
2 <input checked="" type="checkbox"/> Other single nonresident alien		
3 <input type="checkbox"/> Married resident of Canada or Mexico, or a U.S. National		
4 <input type="checkbox"/> Married resident of Japan or the Republic of Korea (South)		
5 <input type="checkbox"/> Other married nonresident alien		
6 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 5 of Inst.)		

Caution: If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 7a. But be sure to check the box below line 34 on page 2.

7c Dependents *

(1) Name (first initial and last name)	(2) Check if under age 2	(3) If age 2 or older, dependent's social security number	(4) Relationship	(5) No. of months lived in your home in 1989

No. of boxes checked on 7a and 7b ▶

No. of your children on 7c who:

- * Lived with you ▶
- ** Didn't live with you due to divorce or separation ▶
- ** No. of other dependents on 7c ▶

Add numbers entered on lines above ▶ **1**

* Applies only to residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. Nationals. (See page 5 of instructions.)
** Applies only to residents of Canada, Mexico, and U.S. Nationals.

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement check here ▶
e Total number of exemptions claimed

Income Effectively Connected With U.S. Trade/Business

8 Wages, salaries, tips, etc. (attach Form(s) W-2)	8	
9a Taxable interest income	9a	
b Tax-exempt interest income (see page 6) DO NOT include on line 9a	9b	
10 Dividend income	10	
11 Taxable refunds of state and local income taxes (see page 6 of instructions)	11	
12 Scholarships and fellowships (attach explanation—see page 6 of instructions)	12	16650 -
13 Business income or (loss) (attach Schedule C (Form 1040))	13	
14 Capital gain or (loss) (attach Schedule D (Form 1040))	14	
15 Capital gain distributions not reported on line 14 (see page 6 of instructions)	15	
16 Other gains or (losses) (attach Form 4797)	16	
17a Total IRA distributions	17a	
17b Taxable amount	17b	
18a Total pensions and annuities	18a	
18b Taxable amount	18b	
19 Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E (Form 1040))	19	
20 Farm income or (loss) (attach Schedule F (Form 1040))	20	
21 Unemployment compensation (insurance) (see page 7 of instructions)	21	
22 Other income (list type and amount—see page 7 of instructions)	22	
23 Add lines 8, 9a, 10-16, 17b, and 18b-22 This is your total effectively connected income	23	16,650 -

Adjustments

24 IRA deduction (see pages 7 and 8 of instructions)	24	
25 Self-employed health insurance deduction, from worksheet on page 8	25	
26 Keogh retirement plan and self-employed SEP deduction	26	
27 Penalty on early withdrawal of savings	27	
28 Scholarships and fellowships excluded	28	7067 -
29 Add lines 24 through 28 (see instructions) These are your total adjustments	29	7,067 -

Please print or type

Please attach Copy B of your Forms W-2, W-2G, and W-2P here

Please attach check or money order here

Tax Computation	31	Amount from line 30 (adjusted gross income)	31	9583	
	32	Enter itemized deductions (from page 3, Schedule A, line 10)	32	0	
	33	Subtract line 32 from line 31. Enter the result (if less than zero, enter zero)	33	9583	
	34	Exemptions (see pages 4, 5, and 8 of Instructions) Caution: If someone (such as your parent) can claim you as a dependent, check here <input type="checkbox"/>	34	2000	
	35	Taxable income. Subtract line 34 from line 33. Enter the result (if less than zero, enter zero) Caution: If under age 14 and you have more than \$1,000 of investment income, check here <input type="checkbox"/> and see page 8 of Instructions to see if you have to use Form 8615 to figure your tax.	35	7583	
	36	Enter tax. Check if from: <input checked="" type="checkbox"/> Tax Table, <input type="checkbox"/> Tax Rate Schedules, or <input type="checkbox"/> Form 8615	36	1136	
	37	Additional taxes (see page 8). Check if from: <input type="checkbox"/> Form 4970 <input type="checkbox"/> Form 4972	37		
	38	Add lines 36 and 37. Enter the total	38	1136	
Credits	39	Credit for child and dependent care expenses (attach Form 2441)	39		
	40	Foreign tax credit (attach Form 1116)	40		
	41	General business credit. Check if from: <input type="checkbox"/> Form 3800 or <input type="checkbox"/> Form (specify) _____	41		
	42	Credit for prior year minimum tax (attach Form 8801)	42		
	43	Add lines 39 through 42. Enter the total	43		
44	Subtract line 43 from line 38. Enter the result (if less than zero, enter zero)	44	1136 -		
Other Taxes	45	Alternative minimum tax (attach Form 6251)	45		
	46	Recapture taxes (see page 9 of Instructions). Check if from <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	46		
	47	Tax on income not effectively connected with a U.S. trade or business (from page 4, line 82)	47		
	48	Social security tax on tip income not reported to employer (attach Form 4137)	48		
	49	Tax on an IRA or a qualified retirement plan (attach Form 5329)	49		
	50	Transportation tax (see page 10 of Instructions)	50		
	51	Supplemental Medicare premium (attach Form 8808)	51		
	52	Add lines 44 through 51. This is your total tax and any supplemental Medicare premium	52	1136 -	
	Payments	53	Federal income tax withheld (if any is from Form(s) 1099, check <input type="checkbox"/>)	53	
		54	1988 estimated tax payments and amount applied from 1988 return	54	
55		Foreign income credit (see page 10 of Instructions)	55		
56		Amount paid with Form 4868 (extension request)	56		
57		Excess social security tax and RRTA tax withheld (see page 10 of Instructions)	57		
58		Credit for Federal tax on fuels (attach Form 4136)	58		
59		Regulated investment company credit (attach Form 2439)	59		
60		Credit for amount paid with Form 1040C	60		
61		Tax withheld at source	61a		
		a From page 4, line 79	61b		
62		Tax withheld on dispositions of U.S. real property interests	62a		
		a From Form(s) 8288-A	62b		
		b From Form(s) 1042S			
63	Add lines 53 through 62b. These are your total payments	63	0		
Refund or Amount You Owe	64	If line 63 is larger than line 52, enter amount OVERPAID	64		
	65	Amount of line 64 to be REFUNDED TO YOU	65		
	66	Amount of line 64 to be APPLIED TO YOUR 1990 ESTIMATED TAX	66		
	67	If line 52 is larger than line 63, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your identifying or social security number and "1989 Form 1040NR" on it.	67	1136 -	
	68	Penalty for underpayment of estimated tax (see page 11)	68		

Please Sign Here

Taxpayer signature: *[Signature]*

Date: 5/20/90

Your occupation in the United States: Student

Paid

Preparer's signature: *[Signature]*

Date

Check if self-employed

Preparer's social security no

Tax on Income Not Effectively Connected With a U.S. Trade or Business

(Please attach Forms 1041-S, SSA 1041-S, RRB 1041-S (UOI) or similar form.)

Nature of income	U.S. tax withheld at source	Enter amount of income under the appropriate rate of tax (see pages 12 and 13 of instructions)				
		(a) 10%	(b) 15%	(c) 30%	(d) Other (see 12)	
				 % %
69 Dividends paid by:						
a U.S. corporations						
b Foreign corporations						
70 Interest:						
a Mortgage						
b Paid by foreign corporations						
c Other						
71 Industrial royalties (patents, trademarks, etc.)						
72 Motion picture or TV copyright royalties						
73 Other royalties (copyrights, recording, publishing, etc.)						
74 Real property income and natural resources royalties						
75 Pensions and annuities						
76 Social security benefits						
77 GAINS (include capital gain from line 84 below)						
78 Other (specify) ▶						
79 Total U.S. tax withheld at source. Enter here and on Form 1040NR, line 61a ▶						
80 Add the amounts on lines 69 through 78 in columns (a) - (d)						
81 Multiply the amount on line 80 by rate of tax at top of each column						
82 Add amounts on line 81, columns (a)-(d). This is your tax on income not effectively connected with a U.S. trade or business. Enter here and on Form 1040NR, line 47 ▶						

Capital Gains and Losses From Sales or Exchanges of Property

(a) Kind of property and description (if necessary, attach Statement of Descriptive Details not shown below)	(b) Date acquired (MM/Day/YY)	(c) Date sold (MM/Day/YY)	(d) Sales price	(e) Cost or other basis	(f) LOSS If column (e) is more than (d) subtract (e) from (d)		(g) GAIN If column (d) is more than (e) subtract (e) from (d)	
83 Add amounts in columns (f) and (g)								
84 Capital gain. Combine columns (f) and (g) of line 83. Enter the net gain here and on line 77 above (if zero or less, enter zero) ▶								

Enter only the capital gains and losses from property sales or exchanges that are from sources within the U.S. and not effectively connected with a U.S. business. Do not include a gain or loss on disposing of a U.S. real property interest. Report these gains and losses on Schedule B (Form 1040).

Report property sales or exchanges that are effectively connected with a U.S. business on Schedule B (Form 1040), Form 4797, or both.

Please Answer All Questions (Enter "N/A" if a question does not apply to you.)

A What country issued your passport? Yemen

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the U.S. Study

D Type of entry visa and visa number J-1 412453
and type of current visa

E Did you give up your permanent residence as an immigrant in the U.S. this year? Yes No

F Dates you entered and left the U.S. during the year. (Residents of Canada or Mexico entering and leaving the U.S. at frequent intervals, give name of country only)
Did not leave

G Give number of days (including vacation and non-work days) you were in the U.S. during 1987 128 1988 128 and 1989 365

H If you are a resident of Canada, Mexico, Japan, or the Republic of Korea or a U.S. National, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? Yes No
If "Yes" state amount \$

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter your total foreign source income not effectively connected with a U.S. trade or business in the space below. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the U.S. and Japan or the U.S. and the Republic of Korea

Total foreign source income not effectively connected with a U.S. trade or business \$

I Did you file a U.S. income tax return for any year before 1989? Yes No
If "Yes" give the latest year and form number 1040NR
To which Internal Revenue Service Center was it sent? Philadelphia

J To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 54, 56, and 60?

K Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? Yes No
If "Yes," attach a statement showing the amount, nature and source of the excluded income. Also give the reason it was excluded. See attached
(Do not include amounts shown in Question L.)

L If you claimed the benefits of a U.S. income tax treaty with a foreign country, please give the following information. Also see page 13 of the instructions.

Country

Kind and amount of income exempt from or subject to a reduced rate of tax. Also identify the applicable tax treaty article: for 1989

for 1988

Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? Yes No

Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the U.S. at any time during 1989? Yes No

M If you file this return to report community income, give your spouse's name, address, and social security number. Also show the address of the Internal Revenue Service Center where his or her return was filed

N If you file this return for a trust, does the trust have a U.S. business? Yes No
If "Yes," give name and address

11

NAME Abdul Aswar SOC. SEC. NUMBER 123-45-6789

CALENDAR YEAR 1989

STATEMENT REGARDING SCHOLARSHIP - LINE 12, 1040NR

THE FOLLOWING AMOUNTS WERE RECEIVED BY ME DURING THE CALENDAR YEAR UNDER AN AGENCY FOR INTERNATIONAL DEVELOPMENT SCHOLARSHIP:

TUITION.....\$ 6287
BOOKS.....780
FEES.....ind. in budget
FOOD/LODGING/MAINTENANCE...8400
TRAVEL.....425
MID-WINTER SEMINAR.....350
HEALTH INSURANCE.....408
ORIENTATION.....
OTHER (DESCRIBE).....
.....
.....
.....

TOTAL (ENTER ON LINE 12, 1040NR) \$ 16,650

THIS AMOUNT COVERED THE THE FOLLOWING DATES: 1-1-89 THROUGH 12-31-89. MY PROGRAM IS A 4 YEAR PROGRAM.

A CONDITION OF THIS SCHOLARSHIP, I AM TO RETURN TO MY HOME COUNTRY AND WORK THERE FOR A MINIMUM OF 2 YEARS. I AM ALSO NOT TO WORK IN THE U.S. UNLESS EXPRESSLY ALLOWED BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

STATEMENT REGARDING EXCLUSIONS TO SCHOLARSHIP - LINE 28, 1040NR

THE FOLLOWING AMOUNTS ARE EXCLUDABLE FROM INCOME UNDER THE SCHOLARSHIP/FELLOWSHIP PROVISIONS OF THE TAX LAW:

TUITION.....\$ 6287
BOOKS.....780
FEES.....
LANGUAGE INSTRUCTION.....
TUTORING.....

TOTAL (ENTER ON LINE 28, 1040NR) 7067

Complete and attach this form to your 1040NR.

Please Answer All Questions (Enter "N/A" if a question does not apply to you.)

A What country issued your passport? Yemen

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the U.S. Study

D Type of entry visa and visa number J-1 42453 and type of current visa

E Did you give up your permanent residence as an immigrant in the U.S. this year? Yes No

F Dates you entered and left the U.S. during the year. (Residents of Canada or Mexico entering and leaving the U.S. at frequent intervals, give name of country only) Did not leave

G Give number of days (including vacation and non-work days) you were in the U.S. during 1987 128 and 1989 365

H If you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. National, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? Yes No
If "Yes," state amount \$

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter your total foreign source income not effectively connected with a U.S. trade or business in the space below. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the U.S. and Japan or the U.S. and the Republic of Korea.

Total foreign source income not effectively connected with a U.S. trade or business \$

I Did you file a U.S. income tax return for any year before 1989? Yes No

If "Yes," give the latest year and form number. 1040NR

To which Internal Revenue Service Center was it sent? Philadelphia

J To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 54, 56, and 60?

K Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? Yes No

If "Yes," attach a statement showing the amount, nature, and source of the excluded income. Also give the reason it was excluded. See attached
(Do not include amounts shown in Question L.)

L If you claimed the benefits of a U.S. income tax treaty with a foreign country, please give the following information. Also see page 13 of the instructions.

Country

Kind and amount of income exempt from or subject to a reduced rate of tax. Also identify the applicable tax treaty article for 1989

for 1988

Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? Yes No

Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the U.S. at any time during 1989? Yes No

M If you file this return to report community income, give your spouse's name, address, and social security number. Also show the address of the Internal Revenue Service Center where his or her return was filed

N If you file this return for a trust, does the trust have a U.S. business? Yes No

If "Yes," give name and address

1040NR WORKSHEET

NAME _____ SOC. SEC. NUMBER _____

CALENDAR YEAR _____

STATEMENT REGARDING SCHOLARSHIP - LINE 12, 1040NR

THE FOLLOWING AMOUNTS WERE RECEIVED BY ME DURING THE CALENDAR YEAR UNDER AN AGENCY FOR INTERNATIONAL DEVELOPMENT SCHOLARSHIP:

TUITION.....\$ _____
 BOOKS..... _____
 FEES..... _____
 FOOD/LODGING/MAINTENANCE..... _____
 TRAVEL..... _____
 MID-WINTER SEMINAR..... _____
 HEALTH INSURANCE..... _____
 ORIENTATION..... _____
 OTHER (DESCRIBE)..... _____
 _____
 _____
 _____

TOTAL (ENTER ON LINE 12, 1040NR)\$ _____

THIS AMOUNT COVERED THE FOLLOWING DATES: _____ THROUGH _____
 MY PROGRAM IS A _____ YEAR PROGRAM.

A CONDITION OF THIS SCHOLARSHIP, I AM TO RETURN TO MY HOME COUNTRY AND WORK THERE FOR MINIMUM OF _____ YEARS. I AM ALSO NOT TO WORK IN THE U.S. UNLESS EXPRESSLY ALLOWED BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

STATEMENT REGARDING EXCLUSIONS TO SCHOLARSHIP -LINE 28, 1040NR

THE FOLLOWING AMOUNTS ARE EXCLUDABLE FROM INCOME UNDER THE SCHOLARSHIP/FELLOWSHIP PROVISIONS OF THE TAX LAW:

TUITION.....\$ _____
 BOOKS..... _____
 FEES..... _____
 LANGUAGE INSTRUCTION..... _____
 TUTORING..... _____

TOTAL (ENTER ON LINE 28, 1040NR) _____

COMPLETE AND ATTACH THIS FORM TO YOUR 1040NR

U.S. Nonresident Alien Income Tax Return

For the year January 1–December 31, 1989, or other tax year

OMB No. 1545-0089

1989

beginning , 1989, and ending , 19

Please print or type	Your first name and initial	Last name	Identifying or social security number
	Present home address (number, street, and apt. no., or rural route). (If a P.O. box, see page 4 of Instructions.)		Check if: <input type="checkbox"/> Individual <input type="checkbox"/> Fiduciary
	City, town or post office, province/state, and ZIP code		For Paperwork Reduction Act Notice, see page 1 of Instructions.
	Country ▶		
	Of what country were you a citizen or national during the tax year? ▶		
Give address outside the U.S. to which you want any refund check mailed (if same as above, write "Same").		Give address in the country where you are a permanent resident (if same as above, write "Same").	

Filing Status and Exemptions for Individuals (See pages 4 and 5 of the Instructions.)

Filing status (Check only one box.)	7a Yourself	7b Spouse
1 <input type="checkbox"/> Single resident of Canada or Mexico, or a U.S. National		
2 <input type="checkbox"/> Other single nonresident alien		
3 <input type="checkbox"/> Married resident of Canada or Mexico, or a U.S. National	If your spouse is filing a return, you cannot take an exemption for him or her.	
4 <input type="checkbox"/> Married resident of Japan or the Republic of Korea (South)		
5 <input type="checkbox"/> Other married nonresident alien		
6 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 5 of Inst.)		

Caution: If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 7a. But be sure to check the box below line 34 on page 2.

7c Dependents: (1) Name (first, initial, and last name)	(2) Check if under age 2	(3) If age 2 or older, dependent's social security number	(4) Relationship	(5) No. of months lived in your home in 1989

No. of boxes checked on 7a and 7b ▶

No. of your children on 7c who:
 * lived with you ▶
 * didn't live with you due to divorce or separation ▶
 * No. of other dependents on 7c ▶

Add numbers entered on lines above ▶

- * Applies only to residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. Nationals. (See page 5 of Instructions.)
- ** Applies only to residents of Canada, Mexico, and U.S. Nationals.
- d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here ▶
- e Total number of exemptions claimed

Please attach Copy B of your Forms W-2, W-2G, and W-2P here

Please attach check or money order here

8 Wages, salaries, tips, etc. (attach Form(s) W-2)	8	
9a Taxable interest income	9a	
b Tax-exempt interest income (see page 6). DO NOT include on line 9a	9b	
10 Dividend income	10	
11 Taxable refunds of state and local income taxes (see page 6 of Instructions)	11	
12 Scholarships and fellowships (attach explanation—see page 6 of Instructions)	12	
13 Business income or (loss) (attach Schedule C (Form 1040))	13	
14 Capital gain or (loss) (attach Schedule D (Form 1040))	14	
15 Capital gain distributions not reported on line 14 (see page 6 of Instructions)	15	
16 Other gains or (losses) (attach Form 4797)	16	
17a Total IRA distributions	17a	
17b Taxable amount	17b	
18a Total pensions and annuities	18a	
18b Taxable amount	18b	
19 Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E (Form 1040))	19	
20 Farm income or (loss) (attach Schedule F (Form 1040))	20	
21 Unemployment compensation (insurance) (see page 7 of Instructions)	21	
22 Other income (list type and amount—see page 7 of Instructions)	22	
23 Add lines 8, 9a, 10–16, 17b, and 18b–22. This is your total effectively connected income ▶	23	
24 IRA deduction (see pages 7 and 8 of Instructions)	24	
25 Self-employed health insurance deduction, from worksheet on page 8	25	
26 Keogh retirement plan and self-employed SEP deduction	26	
27 Penalty on early withdrawal of savings	27	
28 Scholarships and fellowships excluded	28	
29 Add lines 24 through 28 (see Instructions). These are your total adjustments ▶	29	
30 Subtract line 29 from line 23. Enter here and on line 31. This is your adjusted gross income ▶	30	

Tax Computation	31 Amount from line 30 (adjusted gross income)	31		
	32 Enter Itemized deductions (from page 3, Schedule A, line 10)	32		
	33 Subtract line 32 from line 31. Enter the result (if less than zero, enter zero)	33		
	34 Exemptions (see pages 4, 5, and 8 of Instructions)	34		
	Caution: If someone (such as your parent) can claim you as a dependent, check here <input type="checkbox"/>			
	35 Taxable income. Subtract line 34 from line 33. Enter the result (if less than zero, enter zero)	35		
	Caution: If under age 14 and you have more than \$1,000 of investment income, check here <input type="checkbox"/> and see page 8 of Instructions to see if you have to use Form 8615 to figure your tax.			
	36 Enter tax. Check if from: <input type="checkbox"/> Tax Table, <input type="checkbox"/> Tax Rate Schedules, or <input type="checkbox"/> Form 8615	36		
37 Additional taxes (see page 8). Check if from: <input type="checkbox"/> Form 4970 <input type="checkbox"/> Form 4972	37			
38 Add lines 36 and 37. Enter the total. <input type="checkbox"/>	38			
Credits	39 Credit for child and dependent care expenses (attach Form 2441)	39		
	40 Foreign tax credit (attach Form 1116)	40		
	41 General business credit. Check if from: <input type="checkbox"/> Form 3800 or <input type="checkbox"/> Form (specify) _____	41		
	42 Credit for prior year minimum tax (attach Form 8801)	42		
	43 Add lines 39 through 42. Enter the total	43		
44 Subtract line 43 from line 38. Enter the result (if less than zero, enter zero) <input type="checkbox"/>	44			
Other Taxes	45 Alternative minimum tax (attach Form 6251)	45		
	46 Recapture taxes (see page 9 of Instructions). Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	46		
	47 Tax on income not effectively connected with a U.S. trade or business (from page 4, line 82)	47		
	48 Social security tax on tip income not reported to employer (attach Form 4137)	48		
	49 Tax on an IRA or a qualified retirement plan (attach Form 5329)	49		
	50 Transportation tax (see page 10 of Instructions)	50		
	51 Supplemental Medicare premium (attach Form 8808)	51		
	52 Add lines 45 through 51. This is your total tax and any supplemental Medicare premium <input type="checkbox"/>	52		
Payments	53 Federal income tax withheld (if any is from Form(s) 1099, check <input type="checkbox"/>)	53		
	54 1989 estimated tax payments and amount applied from 1988 return	54		
	55 Earned income credit (see page 10 of Instructions)	55		
	56 Amount paid with Form 4868 (extension request)	56		
	57 Excess social security tax and RRTA tax withheld (see page 10 of Instructions)	57		
	58 Credit for Federal tax on fuels (attach Form 4136)	58		
	59 Regulated investment company credit (attach Form 2439)	59		
	60 Credit for amount paid with Form 1040C	60		
	61 U.S. tax withheld at source: a From page 4, line 79	61a		
	b By partnerships under Section 1446 (from Form(s) 8805 or 1042S)	61b		
	62 U.S. tax withheld on dispositions of U.S. real property interests: a From Form(s) 8288-A	62a		
b From Form(s) 1042S	62b			
63 Add lines 53 through 62b. These are your total payments <input type="checkbox"/>	63			
Refund or Amount You Owe	64 If line 63 is larger than line 52, enter amount OVERPAID <input type="checkbox"/>	64		
	65 Amount of line 64 to be REFUNDED TO YOU <input type="checkbox"/>	65		
	66 Amount of line 64 to be APPLIED TO YOUR 1990 ESTIMATED TAX <input type="checkbox"/>	66		
	67 If line 52 is larger than line 63, enter AMOUNT YOU OWE . Attach check or money order for full amount payable to "Internal Revenue Service." Write your identifying or social security number and "1989 Form 1040NR" on it <input type="checkbox"/>	67		
68 Penalty for underpayment of estimated tax (see page 11)	68			
Please Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature <input type="checkbox"/>		Date	Your occupation in the United States
Paid Preparer's Use Only	Preparer's signature <input type="checkbox"/>		Date	Preparer's social security no.
	Firm's name (or yours if self-employed) and address <input type="checkbox"/>		E.I. No.	ZIP code

Please Answer All Questions (Enter "N/A" if a question does not apply to you.)

A What country issued your passport?

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the U.S.
.....
.....
.....

D Type of entry visa and visa number
..... and type of current visa

E Did you give up your permanent residence as an immigrant in the U.S. this year? Yes No

F Dates you entered and left the U.S. during the year: (Residents of Canada or Mexico entering and leaving the U.S. at frequent intervals, give name of country only.)

G Give number of days (including vacation and non-work days) you were in the U.S. during: 1987, 1988, and 1989

H If you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. National, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? . Yes No
If "Yes," state amount \$

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter your total foreign source income not effectively connected with a U.S. trade or business in the space below. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the U.S. and Japan or the U.S. and the Republic of Korea.

Total foreign source income not effectively connected with a U.S. trade or business \$

I Did you file a U.S. income tax return for any year before 1989? Yes No
If "Yes," give the latest year and form number:

To which Internal Revenue Service Center was it sent?

J To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 54, 56, and 60?

K Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? . . Yes No

If "Yes," attach a statement showing the amount, nature, and source of the excluded income. Also give the reason it was excluded.

(Do not include amounts shown in Question L.)

L If you claimed the benefits of a U.S. income tax treaty with a foreign country, please give the following information. Also see page 13 of the Instructions.

Country

Kind and amount of income exempt from or subject to a reduced rate of tax. Also identify the applicable tax treaty article: for 1989

for 1988

Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? Yes No

Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the U.S. at any time during 1989? Yes No

M If you file this return to report community income, give your spouse's name, address, and social security number. Also show the address of the Internal Revenue Service Center where his or her return was filed

N If you file this return for a trust, does the trust have a U.S. business? Yes No
If "Yes," give name and address

85

1989



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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

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

Recordkeeping	6 hrs., 33 min.
Learning about the law or the form	1 hr., 44 min.
Preparing the form	3 hrs., 47 min.
Copying, assembling, and sending the form to IRS	1 hr., 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; or the **Office of Management and Budget**, Paperwork Reduction Project (1545-0089), Washington, DC 20503.

What's New for 1989?

Supplemental Medicare Premium.—The supplemental Medicare premium has been repealed. DO NOT make an entry on line 51, but be sure to complete line 52.

Deduction for Exemptions.—The deduction allowed for each exemption has increased to \$2,000.

For 1989, you may not claim an exemption for your child who was a full-time student and was age 24 or older at the end of the year, unless the child's gross income was less than \$2,000.

Social Security Numbers for Dependents Age 2 or Older.—If you claim any person age 2 or older as a dependent, show that person's social security number on your return. If your dependent does not have a number, see the instructions for line 7c, column (3), on page 5.

Employee Business Expenses.—For most people, employee business expenses are deductible only as an itemized deduction on Schedule A (Form 1040NR), line 7a. Reimbursements you received for your expenses under an arrangement with your employer should not have been reported to you as income on your Form W-2 if the arrangement requires you to: (1) substantiate your expenses to your employer; and (2) return (and you do

return) any amount in excess of your substantiated expenses covered under the arrangement.

If the arrangement does not meet both of the above conditions, amounts you received under the arrangement should have been reported to you as wages on your Form W-2.

Purpose of Form

Form 1040NR is used by all nonresident alien individuals, whether or not engaged in a trade or business within the United States, who file a U.S. tax return. It is also used for filing nonresident alien fiduciary (estate and trust) returns.

Additional Information. If you need more information than these instructions give, our free publications may help you. **Pub. 519**, U.S. Tax Guide for Aliens, will be the most important, but these instructions refer to others you may find useful. 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.

These free publications and the forms and schedules you will need are available on request from the Internal Revenue Service. If you have a foreign address, send your order to: Forms Distribution Center, P.O. Box 25866, Richmond, VA 23289, U.S.A.

Alien Status

Specific rules apply for determining residency or nonresidency. Intent is not important in determining your residency status. You are considered a nonresident alien if you are neither a U.S. citizen nor a U.S. resident under either the **green card test** or the **substantial presence test**. You are also considered a nonresident alien if you otherwise meet the substantial presence test but you come under either of two exceptions to that test—the "exempt individual" exception or the "closer connection to foreign country" exception.

Resident Alien or Nonresident Alien.—Generally, you are considered a resident alien if you meet either the lawful permanent residency test (the "green card" test) or the substantial presence test for 1989. You are considered a nonresident alien for the year if you are neither a U.S. citizen nor a U.S. resident under either of these tests.

• **Green card test.** You are a resident for tax purposes if you are a lawful permanent resident (immigrant) of the United States at any time during 1989.

• **Substantial presence test.** Alternatively, you are considered a U.S. resident if you meet the substantial presence test for 1989. Under this test, you must be physically present in the United States for at least:

- a. 31 days during 1989, and
- b. 183 days during the period 1989, 1988, and 1987, counting all the days of physical presence in 1989 but only $\frac{1}{2}$ the number of days of presence in 1988 and only $\frac{1}{6}$ the number of days in 1987.

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.

The following are exceptions to the days of presence rules:

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

- a. foreign government or international organization 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.

2. 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 1989 if you:

- a. were present in the United States for fewer than 183 days during 1989, and
- b. establish that during 1989 you had a tax home in a foreign country and had a closer connection to that country than to the United States.

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

Tax Obligations of Legalized Aliens.—As an alien having income from the United States, you must pay U.S. taxes. This applies whether you are a legal U.S. resident or an alien undergoing legalization.

The immigration law provided an immigration amnesty; it did not provide a tax amnesty. Therefore, if you have not filed required tax returns for each of the years since you first came to the United States, you should do so as soon as possible.

Get the Form 1040 Instructions to see if you must file a return.

Who Must File

Use Form 1040NR if:

1. You were a nonresident alien engaged in a trade or business in the United States during 1989. You must file a return on Form 1040NR even if:

- a. none of your income came from a trade or business conducted in the United States,
- b. you have no income from U.S. sources, or
- c. your income is exempt from U.S. tax.

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

76

2. You were a nonresident alien not engaged in a trade or business in the United States during 1989 with income on which not all U.S. tax that you owe was withheld.

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

4. You represent an estate or trust that would have had to file Form 1040NR.

Exception for Children Under Age 14.—If your child was under age 14, had income only from interest and dividends that are effectively connected with a U.S. trade or business, and that income totaled less than \$5,000, you may be able to elect to report your child's income on your return. If you do, your child will not have to file a return. For more details, get Form 8814, Parent's Election To Report Child's Interest and Dividends.

Filing a Deceased Person's Return.—The spouse or personal representative must file the return for a deceased person who was required to file a return for 1989. 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 as the fiduciary of 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, U.S. Fiduciary Income Tax Return, and its instructions.

When To File

Period Covered.—Form 1040NR covers calendar year 1989 and fiscal years that began in 1989.

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 calendar year is due by April 15 of the next year.

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 calendar year is due by June 15 of the next year.

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, use the next regular workday.

If you know that you cannot file by the due date, you should ask for an extension using Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return. 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.

Election To Be Taxed As a Resident Alien

Under some circumstances you can elect to be taxed as a U.S. resident for the whole year. You can make this election if either of the following applies to you:

• You were a nonresident alien on the last day of the tax year, and your spouse was a U.S. citizen or resident alien on the last day of the tax year.

• You were a nonresident alien at the beginning of the tax year, but you were a resident alien on the last day of the tax year and your spouse was a U.S. citizen or resident alien on the last day of the tax year. (This also applies if both you and your spouse were nonresident aliens at the beginning of the tax year and both were resident aliens at the end of the tax year.)

If you elect in 1989 to be taxed as a U.S. resident, you and your spouse must file a joint return on Form 1040 or 1040A for 1989. Your worldwide income for the whole year will be taxed in accordance with 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 on Form 1040 or 1040A for 1989. Your worldwide income for the whole year must be included whether you file a joint or separate return.

To make the election, you must file Form 1040 or 1040A as your income tax return and attach the statement described in Pub. 519.

Dual-Status Taxpayers

Note: If you make the election 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 being a 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 be a resident or not, depending on the circumstances.

If you become a U.S. resident, you stay a resident until you leave the U.S. 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 To File for a Dual-Status Year

If you were a U.S. resident on the last day of the tax year, file your return on Form 1040, U.S. Individual Income Tax Return. Write "Dual-Status Return" across the top, and attach a statement to show your income for the part of the year you were a nonresident. You may use Form 1040NR as the statement; write "Statement" across the top.

If you were a nonresident on the last day of the tax year, file your return on Form 1040NR. Write "Dual-Status Return" across the top, and attach a statement to show your income for the part of the year you were a U.S. resident. You may use Form 1040 as the statement; write "Statement" across the top.

Statements.—Any statement you file with your return must show your name, address, and social security number (taxpayer identification number), but you need not sign the statement. Your signature on a return also applies to supporting statements and schedules.

When and Where To File for a Dual-Status Year

If you were a nonresident alien on the last day of your tax year, file your Form 1040NR and statement according to the instructions under **When To File** and **Where To File**. If you were a resident alien on the last day of your tax year, file your Form 1040 and statement according to the Form 1040 instructions.

Income Subject to Tax for Dual-Status Year

As a dual-status alien 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 receive as a dual-status taxpayer from sources outside the United States while a resident alien is taxable even if you become a nonresident alien after receiving it and before the close of the tax year. Conversely, income you receive from sources outside the United States while a nonresident alien is not taxable in most cases even if you become a resident alien after receiving it and before the close of the tax year. Income from U.S. sources is taxable whether you receive 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 are 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 on this page, 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. You may not use the Single Tax Table column or Tax Rate Schedule.

Personal 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, or is a U.S. National. (See Pub. 519.)

How To Figure Tax for Dual-Status Tax 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. Use the Tax Table or Tax Rate Schedules found later in these instructions. 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 or the Tax Rate Schedules the tax on the noneffectively connected income. Enter the total tax on Form 1040, line 38. To the left of line 38 show the two amounts. If you are filing Form 1040NR, enter the tax from the Tax Table or Tax Rate Schedules on line 36 and the tax on the noneffectively connected income on line 47 of Form 1040NR.

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

1. The credit for tax withheld from wages earned in the United States and the credit for 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 56. Enter amounts from the attached statement (Form 1040NR, lines 53, 61a, 61b, 62a, and 62b) to the left of line 56 and identify and include in the amount on line 56.

When filing Form 1040NR, show the total tax withheld on lines 53, 61a, 61b, 62a, and 62b. Enter the amount from the attached statement (Form 1040, line 56) to the left of line 53 and identify and include in the amount on line 53.

2. The credit for tax paid with Form 1040-ES, Estimated Tax for Individuals, or Form 1040-ES (NR), U.S. Estimated Tax for Nonresident Alien Individuals.

3. The credit for tax paid with Form 1040C, U.S. Departing Alien Income Tax Return, at the time of departure from the United States. When filing Form 1040,

include the tax paid with the total payments on line 63. Identify the payment in the area to the left of the entry.

As a dual-status alien, you generally may claim tax credits using the same rules that apply to resident aliens. Certain restrictions that may apply are discussed here, along with a brief explanation of credits often claimed by individuals.

Credit for the Elderly or the Disabled.—You must be a U.S. citizen or resident to claim this credit. You may not claim the credit if you were a nonresident alien at any time during your tax year.

Foreign Tax Credit.—If you have paid or are liable for the payment of income tax to a foreign country on income from foreign sources, you may be able to claim a credit for the foreign taxes.

See Pub. 514, Foreign Tax Credit for Individuals.

Credit for Child and Dependent Care Expenses.—If you paid someone to care for your dependent who was under age 13, or your disabled dependent or disabled spouse so you could work or look for work, you may be able to take a tax credit.

For more information, get Pub. 503, Child and Dependent Care Expenses.

How To Report Income on Form 1040NR

Community Income.—If either you or your spouse, or both you and your spouse, are nonresident aliens, and you had community income during the year, treat the community income as provided by the applicable community property laws except as follows:

• Earned income of a spouse, other than trade or business or partnership distributive share income. Treat this income as received by the spouse whose services produced it and report it on that spouse's 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 the return of that spouse.

• Income derived from the separate property of one spouse that is not earned income, trade or business income, or partnership distributive share income. Treat this income as received by the spouse with the separate property and report it on that spouse's separate return.

See Pub. 555, Community Property and the Federal Income Tax, for more information.

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 lines 8 through 22. 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 47. Pub. 519 describes this income more fully.

Note: Use line 50 to report the 4% tax on U.S. sourced gross transportation income.

3. Income exempt from U.S. tax. Answer questions K and L on page 5 of Form 1040NR.

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 in the United States. See section 897 and the regulations thereunder.

Losses from such dispositions to be taken into account are limited to losses incurred in a trade or business, losses from transactions entered into for profit, and casualty or theft losses.

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 are subject to an alternative minimum tax. See the instructions for line 45.

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:

1. Land and unsevered natural products of the land, such as growing crops and timber, and mines, wells, and other natural deposits.

2. Improvements on land, including buildings, other inherently permanent structures, and structural components of these.

3. 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 Regulations section 1.897-1(b)(4).

A corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests equals or exceeds 50% of the fair market value of its

88

U.S. real property interests, interests in foreign real property, plus any other of its assets which are used or held for use in a trade or business.

For special rules that apply only for purposes of determining whether a corporation is a U.S. real property holding corporation, see sections 897(c)(4) and (5).

An interest in a foreign corporation is a U.S. real property interest only if the foreign corporation has elected under section 897(i) to be treated as a domestic corporation.

However, 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.—If any class of stock of a domestic corporation is regularly traded on an established securities market, stock of this class is a U.S. real property interest only for a person who 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 will be reported on returns filed with the Virgin Islands tax authorities. Tax on these dispositions will also be paid to the Virgin Islands tax authorities.

Tax Withholding—U.S. Real Property.—If you dispose of a U.S. real property interest, the buyer may be required to withhold tax. Include any tax withheld on line 62a or 62b of Form 1040NR. For more information, see Pub. 519.

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:

(a) Rental income from real property.

(b) Profit from disposing of U.S. timber, coal, or iron ore while keeping a share in it.

(c) Rents and royalties from mines, oil or gas wells, or other natural resources.

It does not apply to the disposition of an interest in U.S. real property discussed on page 3.

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

(a) That you are making the election.

Page 4

(b) A schedule of all U.S. real property or any interest in real property (including location). (Give the legal identification of U.S. timber, coal, or iron ore in which you have an interest.)

(c) The extent of your interest in the real property.

(d) A description of any substantial improvements on such real property.

(e) Your income from the property.

(f) The dates you owned it.

(g) Whether the election is under section 871(d) or treaty.

(h) Details of any previous elections and revocations of the real property elections.

Foreign Income Taxed by U.S.

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:

(a) Interest or dividends from the U.S. business.

(b) Income from foreign sales made by your U.S. office.

(c) 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.

Specific Instructions

We have provided specific instructions for most of the lines on the form. Lines that do not appear in these instructions are self-explanatory.

Items in Heading

Name.—If you are filing Form 1040NR as a fiduciary, 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.—If your post office does not deliver mail to your street address and you have a P.O. box, enter your P.O. box number on the line for your present home address instead of your street address.

Identifying Number.—If you have a social security number or you are required to get a social security number, you must use it when an identifying number is required for federal tax purposes. Apply for your social security number using Form SS-5, which you can get at Social Security Administration offices. In some cases, if you do not have a social security number or are not otherwise required to get one, you may use an IRS-issued identifying number. If an application has been made for a number but it has not been received, write "TIN applied for" on your tax return.

For an estate or trust, use its employer identification number.

31
15

Filing Status and Exemptions for Individuals

(Exemptions for estates and trusts are described in the instructions for line 34.)

Filing Status.—Check only one of the boxes on lines 1 through 6. Your tax rate depends on the box you check. 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**, you may consider yourself single for the whole year.

If your spouse died in 1989, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1989.

Lines 1 and 2—Single Residents of Canada and Mexico, Single U.S. Nationals (American Samoans), and Other Single Nonresident Aliens.—Generally, you should check one of the boxes on line 1 or 2 if you were single. If you check the box on line 1, you can claim exemptions for your children and other dependents on the same terms as U.S. citizens. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for more information.

If you are a resident of Japan or the Republic of Korea, you may claim one exemption each for yourself and for any of your children who lived with you in the United States at any time during 1989. The amount you actually deduct for exemptions is based on a proportion of your income. Pub. 519 explains how to figure the amount you should deduct.

Married Persons Who Live Apart. Some married persons who have a child and who do not live with their spouse may file as single and take advantage of lower tax rates. Both you and your spouse can file this way if both meet the tests.

If you meet ALL 4 tests below and are a married resident of Canada or Mexico, or a U.S. National, check the box on line 1 and file as a single person. If you meet the tests and are a married resident of Japan or the Republic of Korea, check the box on line 2 and file as a single person.

(1) You file a separate return from your spouse, and

(2) You paid more than half the cost to keep up your home in 1989, and

(3) Your spouse did not live with you at any time during the last 6 months of 1989, and

(4) For over 6 months of 1989, your home was the principal home of your child, stepchild, adopted child, or foster child whom:

a. you can claim as a dependent, OR

b. you could claim as a dependent except that the child's other parent will claim the child as a dependent under the rules explained on page 5 for **Children of Divorced or Separated Parents**.

99

Lines 3 and 4—Married Residents of Canada, Mexico, Japan, or the Republic of Korea, and Married U.S. Nationals.—If your spouse died in 1989, you can still file as married and claim an exemption for your spouse.

If you are a married resident of Canada or Mexico, or a married U.S. National (line 3), you can take the exemption for yourself, plus another one for your spouse if your spouse had no gross income for U.S. tax purposes and was not another U.S. taxpayer's dependent.

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 are a married resident of Japan or the Republic of Korea (line 4), you may claim one exemption each for yourself, and for your spouse and any of your children who lived with you in the United States at any time during 1989. You may claim your spouse's exemption only if your spouse had no income from United States sources and is not another taxpayer's dependent. The amount you actually deduct for exemptions is based on a proportion of your income. Pub. 519 explains how to figure the amount you should deduct.

Line 6—Qualifying Widow(er) With Dependent Child.—You can claim this status, which offers some tax benefits, if you meet ALL the following tests for 1989.

(a) You were a resident of Mexico, Canada, Japan, or the Republic of Korea, or a U.S. National.

(b) Your spouse died in 1987 or 1988 and you did not remarry before the end of 1989.

(c) Your dependent child, stepchild, adopted child, or foster child lived with you (except for temporary absences, such as for vacation or school).

(d) You paid over half the cost of keeping up the home for this child for the whole year.

(e) 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.

(f) You could have filed a joint return with your spouse for the year your spouse died. Whether you actually filed jointly does not matter.

If you meet the above tests for 1989, check the box on line 6. Do not claim an exemption for your spouse.

Exemptions.—Exemptions are amounts you can deduct from income connected with a U.S. trade or business. Generally, you can always take an exemption for yourself. However, if you can be claimed as a dependent on another person's U.S. tax return (such as your parent's return), you cannot take an exemption for yourself. If you are a resident of Mexico, Canada, Japan, or the Republic of Korea, or a U.S. National (American Samoan), you may be able to take other exemptions as well. See Pub. 519 for details.

Line 7c—Dependents

Note: These exemptions may be claimed only by residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. Nationals.

You can take an exemption for each of your dependents who was alive during some part of 1989. This includes a baby born in 1989 or a person who died in 1989.

Column (1). Enter the name of each dependent. If you have more than five dependents, show the information requested in columns (1) through (5) for each of those dependents on an attached statement.

Column (2). If your dependent was under age 2 on December 31, 1989, put a check mark in column (2).

Column (3). If your dependent was age 2 or older on December 31, 1989, you must enter his or her social security number. If you do not or if the number entered is incorrect, you may have to pay a penalty.

If your dependent does not have a social security number, a number may be obtained by filing Form SS-5 with a Social Security Administration office. If your dependent lives in Canada or Mexico, see Pub. 501 for details on how to get a social security number for this dependent. If your dependent does not have a number by the time you are ready to file your return, apply for one and enter "Applied for" in column (3).

Column (5). If your dependent lived with you in 1989 except for temporary absences, such as for vacation or school, enter "12" in column (5). Also enter "12" in column (5) if your dependent was born or died in 1989. Otherwise, enter the number of months that your dependent actually lived with you during 1989.

Children Who Didn't Live With You Due to Divorce or Separation. If you are claiming a child who didn't live with you under the rules for Children of Divorced or Separated Parents, enter the total number of such children on the line to the right of line 7c labeled "No. of your children on 7c who didn't live with you due to divorce or separation." You must enter:

- check the box on line 7d for pre-1985 agreements if you have such an agreement that states you can claim the child as your dependent, OR

- attach Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or similar statement. If your divorce decree or separation agreement went into effect after 1984 and it states that you can claim the child as your dependent, you may attach a copy of certain pages from the decree or agreement instead of Form 8332. See Pub. 504, Tax Information for Divorced or Separated Individuals, for details.

Other Dependent Children.—Enter the total number of dependent children who did not live with you for other reasons on the line labeled "No. of other dependents on 7c."

Children of Divorced or Separated Parents.—The parent who has custody of a child for most of the year (the custodial parent) can generally take the exemption for that child if the child's parents together paid more than half of the child's support. This general rule also applies to parents who did not live together at any time during the last 6 months of the year. But the parent who does not have custody, or who has the child for the shorter time (the noncustodial parent), may take the exemption if either (a) or (b) below, applies.

(a) The custodial parent signs Form 8332, or similar statement, agreeing not to claim an exemption for the child in 1989.

(b) A decree of divorce or separate maintenance (or a written agreement) that was in effect before 1985 states that the noncustodial parent can take the exemption and he or she gave at least \$600 for the child's support in 1989. (This rule does not apply if the decree or agreement was modified after 1984 to specify that the noncustodial parent cannot claim the exemption.)

Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your return and schedules. But if you do round off, do so for all amounts. You can drop amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

Lines 8 through 22

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 that you have decided that the income involved is effectively connected with a U.S. trade or business in which you are 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 all wages, salaries, fees, commissions, tips, bonuses, supplemental unemployment benefits, and other amounts you were paid before taxes, insurance, etc., were taken out.

Include in this total:

- The amount that should be shown in Box 10 on Form W-2. Report all wages, salaries, and tips you received, even if you do not have a Form W-2.
- Tips received that you did not report to your employer. (Show any social security tax due on these tips on line 48—see the line 48 instructions.)

You must report as income the amount of allocated tips shown on your W-2 form(s) unless you can prove a lesser amount with adequate records. For details on allocated tips, get Pub. 531, Reporting Income From Tips.

- Disability pensions if you have not reached the minimum retirement age set by your employer.

Note: Except for those disability pensions mentioned above, pensions shown on Form W-2P (other than payments from an IRA) are reported on lines 10a and 18b of Form 1040NR. However, you must report this

income on line 75 if it is not effectively connected with a U.S. trade or business. Payments from an IRA are reported on lines 17a and 17b.

• Payments by insurance companies, etc., not included on Form W-2. If you received sick pay or a disability payment that is effectively connected with your U.S. trade or business from anyone other than your employer, and it is not included in the wages shown on Form W-2, include it on line 8. Attach a statement showing the name and address of the payer and amount of sick pay or disability income.

• Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. (Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept on your employer's business premises as a condition of employment.)

• Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were gifts.

• Any amount your employer paid for your moving expenses (including the value of services furnished in kind) that is not included in Box 10 on Form W-2.

Note: You must include on line 8 all wages, salaries, etc., paid for your personal services, even if you signed over the income to a trust (including an IRA), another person, a corporation, or a tax-exempt organization.

If you want more information on reporting income received in the form of goods, property, meals, stock options, etc., get Pub. 525, Taxable and Nontaxable Income.

Employer-Provided Vehicle.—If you used an employer-provided highway motor vehicle for both personal and business purposes and 100% of the fair rental value of the vehicle was included in the wages box (Box 10) of your W-2 form, you can deduct the business use of the vehicle. But you must use Form 2106, Employee Business Expenses, to do so. (The total fair rental value of the vehicle should be shown in Box 16a of your W-2 form or on a separate statement.) For more details, get Pub. 525.

Excess Salary Deferrals.—If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) or the Federal Thrift Savings Fund) instead of having it paid to you, your W-2 form should have the "Deferred compensation" box in Box 5 checked. The amount deferred should be shown in Box 16. The total amount that may be deferred for 1989 under all plans is generally limited to \$7,627. Amounts deferred under a tax-sheltered annuity plan may have a higher limit. Get Pub. 575, Pension and Annuity Income (Including Simplified General Rule). Any amount deferred in excess of these limits must be reported on Form 1040NR, line 8.

Employer-Provided Dependent Care Benefits (DCB).—If you received benefits under your employer's dependent care plan, you may be able to exclude part or all of them from your income. But you must use Form 2441, Child and Dependent Care

Expenses, to do so. The benefits should be separately shown on your W-2 form(s) and labeled as "DCB."

First, go to Form 2441 and complete Parts I and III. Line 21 of that form shows any excluded benefits. Line 22 shows the taxable benefits, if any. Include the taxable benefits from line 22 on Form 1040NR, line 8. On the dotted line next to line 8, write "DCB."

Line 9a—Taxable Interest Income.—Enter the TOTAL taxable interest you received 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, unless it is tax exempt under a treaty. See Pub. 901, U.S. Tax Treaties. In addition, 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 if it is not effectively connected with a U.S. trade or business.

Interest that was credited in 1989 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 1989 income. For details, get Pub. 550, Investment Income and Expenses.

For information on reporting Original Issue Discount (OID), get Pub. 1212, List of Original Issue Discount Instruments.

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.

Line 9b—Tax-Exempt Interest Income.—If you received any tax-exempt interest income (such as interest on certain state and municipal bonds), that interest must be reported on your return. Enter the total tax-exempt interest you received in 1989 on line 9b. Also, report any exempt-interest dividends you received as a shareholder in a mutual fund or other regulated investment company. Do not include this interest in your total income on line 23.

Line 10—Dividend Income.—Enter your total dividends from assets effectively connected with a U.S. trade or business. Dividends include:

Ordinary dividends.—These are paid out of earnings and profits and are ordinary income. Any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise.

Capital gain distributions.—If you have other capital gains or losses, enter your capital gain distributions on Schedule D (Form 1040). If you don't need Schedule D to report any other gains or losses, enter your capital gain distributions on Form 1040NR, line 15.

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.

Line 11—Taxable Refunds of State and Local Income Taxes.—If you received a refund (or credit or offset) of state or local income taxes in 1989 that you paid and

deducted before 1989, you may have to report all or part of this amount as income if your itemized deduction (on Form 1040NR or Schedule A (Form 1040)) for state and local income taxes in the year you paid the taxes resulted in a tax benefit. You may receive Form 1099-G, or similar statement, showing the refund.

Do not report the refund as income if it was for a tax you paid in a year for which you did not itemize deductions on Form 1040NR or Schedule A (Form 1040).

If you need help in figuring this amount, please get Pub. 525.

If, on Schedule A (Form 1040NR), page 3, you deduct state or local income taxes you paid in 1989, do not reduce that deduction by any tax refund for an earlier year. However, if the refund is for 1988 and you made a 1988 estimated state income tax payment in 1989, see Pub. 525.

Line 12—Scholarships and Fellowships.—If you were a degree candidate and the scholarship or fellowship was granted after August 16, 1986, 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 the scholarship or fellowship was granted on or before August 16, 1986, or if you were not a candidate for a degree, get Pub. 519 to see how much is taxable. Also amounts received as a scholarship that are payment for teaching, research, or other services are taxable even if the services were required to get the grant. Report the total here and show any nontaxable part on line 28. Attach a statement that shows: the amount of your grant, the dates it covers, the grantor's name, expenses the grant covers, and the conditions under which it was given to you. Explain how much was taxable, how much was tax exempt, and why.

Line 13—Business Income or (Loss).—Enter the income or (loss) from your own trade or business in the United States. Include any income you received as a dealer in stocks, securities, and commodities through your U.S. office. If you deal 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. For general information on business income or loss, please see the instructions for Schedule C (Form 1040), and get Pub. 334, Tax Guide for Small Business.

Line 14—Capital Gain or (Loss).—Please see the instructions for Schedule D (Form 1040). Enter the effectively connected gain or (loss) from Schedule D. You may need Pub. 544, Sales and Other Dispositions of Assets.

Gains and losses from disposing of U.S. real property interests are taxed as if you are engaged in a U.S. trade or business, and the gain or loss is treated as effectively connected with that trade or business. See Dispositions of U.S. Real Property Interests on page 3.

Line 15—Capital Gain Distributions.—If you do not need Schedule D (Form 1040) for other capital transactions, enter your capital gain distributions on line 15.

If you have other capital gains or losses, include these distributions on Schedule D (Form 1040).

Line 16—Other Gains or (Losses).—If you sold or exchanged assets used in a U.S. trade or business, see the instructions for Form 4797. Enter the ordinary gain or (loss) from Part II of Form 4797. You may also need Pub. 544.

Lines 17a and 17b—IRA Distributions.—Use lines 17a and 17b to report effectively connected individual retirement arrangement (IRA) distributions you received. Include rollovers from one IRA to another IRA, but not rollovers from qualified employers' plans to an IRA.

Generally, you will receive either a Form 1099-R or Form W-2P showing the amount of your distribution. If the distribution is fully taxable, enter it on line 17b; no entry is required on line 17a. But if this income is not effectively connected with your U.S. trade or business, report it on line 75 of Form 1040NR.

For more details, including rollover distributions, get Pub. 590, Individual Retirement Arrangements (IRAs).

Caution: If you received an early or excess distribution, you may have to pay an additional tax. Get Form 5329.

Lines 18a and 18b—Pensions and Annuities.—Use lines 18a and 18b to report effectively connected pension and annuity income. Also, use these lines to report distributions from profit-sharing plans, retirement plans, employee-savings plans, and rollovers from one qualified employer's plan to another; or to an IRA.

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.

In general, you should receive a Form W-2P showing the amount of your pension or annuity. Do not use lines 18a and 18b to report social security or railroad retirement benefits shown on Forms SSA-1042S and RRB-1042S. Instead, see the instructions on page 13.

Fully Taxable Pensions and Annuities.—Your pension or annuity payments are fully taxable if:

- you did not contribute to the cost of your pension or annuity, or
- you used the 3-Year Rule and got back tax-free your entire cost before 1989.

Fully taxable pensions and annuities also include military retirement pay shown on Form W-2P, and any taxable railroad retirement benefits from Box 12 of Form RRB-W-2P. If you received Form RRB-W-2P and an amount is shown in Box 13 of your form, see Pub. 575, Pension and Annuity Income (Including Simplified General Rule), or information on how to report your benefits.

If your pension or annuity is fully taxable, enter it on line 18b; no entry is required on line 18a. However, if these benefits are not effectively connected with your U.S. trade or business, report them on line 75 of Form 1040NR.

Some annuities are tax exempt. See Section 871(f).

Pensions and Annuities That Are NOT Fully Taxable.—If your Form W-2P does not show the taxable part of your pension or annuity, the method you use to figure the taxable part depends on your annuity starting date. Once you have figured the taxable part of your pension or annuity, enter the total amount on line 18a; enter the taxable part on line 18b.

If your annuity starting date was after July 1, 1986, you must use the General Rule to figure the taxable part unless you qualify to use the Simplified General Rule explained in Pub. 575. The General Rule is explained in Pub. 939, Pension General Rule (Nonsimplified Method).

If you submit a ruling request before the due date of your return (including extensions), IRS will figure the taxable part for you for a \$50 fee; get Pub. 939 for details.

Note: If your Form W-2P shows a taxable amount, report that amount on line 18b unless you qualify to use the Simplified General Rule and it gives you a lower taxable amount.

If your annuity starting date was before July 2, 1986, and you meet both of the following requirements, complete the worksheet below to figure the taxable part of your pension or annuity.

1. Both you and your employer contributed to the pension or annuity.
2. The total amount you expected to receive within 36 months from the date of your first annuity payment equaled or exceeded your full cost. (Your cost includes amounts you and your employer contributed that you reported as income.)

If you do not meet both of the above requirements, see Pub. 575 or Pub. 721, Tax Guide to U.S. Civil Service Retirement Benefits, to figure the taxable part.

Pension and Annuity Worksheet (Keep for your records)

1a	Enter your cost	_____
b	Cost recovered in prior years	_____
c	Subtract line 1b from line 1a	_____
2	Amount received this year. Also enter this amount on Form 1040NR, line 18a	_____
3	Enter amount from line 1c above	_____
4	Taxable amount. Subtract line 3 from line 2. Enter the result (but not less than zero). Also enter this amount on Form 1040NR, line 18b	_____

Note: If you had more than one pension or annuity that is not fully taxable, figure the taxable amounts of each separately. Enter the total of the taxable amounts on Form 1040NR, line 18b.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions and may also be subject to penalties. For details, see Pub. 575.

For details on rollovers, including distributions under qualified domestic relations orders, get Pub. 575.

Lump-Sum Distributions.—If you received a lump-sum distribution from a profit-sharing or retirement plan, you should receive a Form 1099-R showing the

amount of the distribution. The total of the ordinary income part and the capital gain part should be entered on line 18b; no entry is required on line 18a. However, you may pay less tax on this distribution if you were age 50 or older before January 1, 1986, and you meet certain other conditions. For details, get Form 4972, Tax on Lump-Sum Distributions. If you use Form 4972 to figure the tax on any part of your distribution, do not include that part of the distribution on line 18a or 18b of Form 1040NR.

Caution: If you received an early or excess distribution, you may owe additional tax. For details, get Form 5329.

Line 19—Rents, Royalties, Partnerships, Estates, Trusts, etc.—Please see the instructions for Schedule E (Form 1040). Enter the income or (loss) that is effectively connected with your U.S. business from Schedule E.

Line 20—Farm Income or (Loss).—See the instructions for Schedule F (Form 1040) and also get Pub. 225, Farmer's Tax Guide. Enter the income or (loss) from Schedule F.

Line 21—Unemployment Compensation.—Unemployment compensation (insurance) is fully taxable. By January 31, 1990, you should receive a Form 1099-G, Statement for Recipients of Certain Government Payments, showing the total unemployment compensation paid to you during 1989.

Use line 21 to report the unemployment compensation you received. If you received an overpayment of unemployment compensation in 1989 and you repaid it in 1989, subtract the amount you repaid from the total amount you received and enter the result on line 21. Also write "repayment" and the amount you repaid on the line to the left of line 21.

Note: Supplemental unemployment benefits from a company-financed supplemental unemployment benefit fund are wages. Report these benefits on Form 1040NR, line 8.

Line 22—Other Income.—Use line 22 to report any income effectively connected with your U.S. business that you cannot find a place for on your return or other schedules. List the type and amount of income. If necessary, show the required information on an attached statement. Some examples of other income are:

- Amounts recovered on bad debts that you deducted in an earlier year.
- Repayments of expenses that you deducted in an earlier year if they reduced your tax.

For more information, see Miscellaneous Taxable Income in Pub. 525, Taxable and Nontaxable Income.

Net Operating Loss. If you had a net operating loss in an earlier year to carry forward to 1989, enter it as a minus figure in parentheses on line 22. Attach a statement showing how you figured the amount. See Pub. 536, Net Operating Losses, for more details.

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

92

Lines 24 through 28

Adjustments

Adjustments are amounts you can subtract from your income effectively connected with a U.S. trade or business.

Line 24—Individual Retirement Arrangement (IRA) Deduction.—Use line 24 to deduct contributions to your IRA.

Caution: Your IRA deduction may be reduced or eliminated if you were covered by a retirement plan (qualified pension, profit-sharing, annuity, Keogh, SEP, etc.) at work or through self-employment. Earnings on contributions to your IRA are not taxed until they are distributed to you. **Special Rule for Married Individuals.** If you are married filing a separate return and you were not covered by a retirement plan but your spouse was, you are considered to be covered by a plan if you lived with your spouse at any time in 1989.

Not Covered by a Retirement Plan. If you were not covered by a retirement plan during 1989, you can take a full IRA deduction.

Covered by a Retirement Plan. Your Form W-2 should have the "Pension Plan" box in Box 5 checked if you were covered by your employer's plan. This box should be checked even if you were not vested in the plan. You are also covered by a plan if you are self-employed and have a Keogh retirement plan.

Get Pub. 590, Individual Retirement Arrangements (IRAs), and see pages 14 and 15 of the 1989 Instructions for Form 1040, for details on IRA deductions.

Line 25—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 on behalf of yourself, your spouse, and dependents. But you may not take the deduction if you were eligible to participate in any subsidized health plan maintained by your or your spouse's employer. Also, if you had employees, you may not take the deduction unless you provided nondiscriminatory health insurance coverage to your employees. For more details, get Pub. 535, Business Expenses.

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

Worksheet (keep for your records)

1	Enter amount paid for health insurance for 1989 for you, your spouse, and dependents.	_____
2	Percentage used to figure the deduction	<u> x .25 </u>
3	Multiply the amount on line 1 by the percentage on line 2.	_____
4	Enter your net profit and other earned income* from the business under which the insurance plan is established, minus any deduction you claim on Form 1040NR, line 26.	_____
5	Compare the amounts on lines 3 and 4. Enter the smaller of the two amounts here and on Form 1040NR, line 25.	_____

*Earned income includes net earnings and gains (other than capital gains) from the disposition, transfer, or licensing of property that you created.

Line 26—Keogh Retirement Plan and Self-Employed SEP Deduction

Caution: You must be self-employed to claim the Keogh deduction. Sole proprietors and partners enter the allowable deduction for contributions to your Keogh plan and your SEP on line 26.

There are two types of Keogh retirement plans:

• **Defined-contribution plan.**—This plan provides an individual account for each person in the plan. Benefits are based on the amount paid to each account.

• **Defined-benefit plan.**—The deduction for this type of plan is determined by the funds needed to give a specific benefit at retirement. Write "DB" on the line to the left of line 26 if you deduct payments to a defined-benefit plan.

For more details, including limits on the amount you can deduct, get Pub. 560, Self-Employed Retirement Plans.

Line 27—Penalty on Early Withdrawal of Savings.—The Form 1099-INT or, if applicable, Form 1099-OID given to you by your bank or savings and loan association will show the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 27. (Be sure to include the interest income on Form 1040NR, line 9a.)

Line 28—Scholarships and Fellowships Excluded.—See the line 12 instructions and Pub. 519.

Line 29—Total Adjustments.—Add lines 24 through 28 and enter the total on line 29. Also, include in this total any of the following adjustments. (They must be connected with effectively connected income.)

Qualified Performing Artists. If you are a qualified performing artist, include in the total on line 29 your performing arts-related expenses from line 13 of Form 2106, Employee Business Expenses. Write the amount and "Form 2106" on the dotted line next to line 29.

Employer-Provided Vehicle. If your employer provided a vehicle for your business use and included 100% of its fair rental value on your Form W-2, include the amount from line 35 of Form 2106 in the total on line 29. Write the amount and "Form 2106" on the dotted line next to line 29.

Forestation/Reforestation Amortization. If you can claim a deduction for amortization of the costs of forestation or reforestation and you do not have to file Schedule C or F (Form 1040) for this activity, include your deduction in the total on line 29. Write the amount and "Reforestation" in the space to the left of the total.

Repayment of Sub-Pay Under the Trade Act of 1974. If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, include the amount you repaid in 1989 in the total on line 29. Write the amount and "Sub-pay TRA" in the space to the left of the total. Or, you may be able to claim a credit against your tax instead. See Pub. 525 for more details.

Line 30—Adjusted Gross Income.—If line 30 is less than zero, you may have a net

operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form 1045. For more information, get Pub. 536.

Lines 32 through 37

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

Line 32—Itemized Deductions.—Enter total itemized deductions from Schedule A, page 3. The instructions on pages 11 and 12 explain how to figure this amount.

Line 34—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 \$2,000 by the number of exemptions entered on line 7e. However, if you are a resident of Japan or the Republic of 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, get Pub. 519.

If you file for an estate, enter \$600 on line 34. If you are filing for a trust whose governing instrument requires it to distribute all its income currently, enter \$300 on line 34. Any other trust is allowed an exemption of \$100.

Line 36—Tax.—To figure your tax, use one of the following methods.

Tax Rate Schedules. You must use the Tax Rate Schedules to figure your tax if your taxable income is \$50,000 or more, OR you file for an estate or trust.

Form 8615. Form 8615 must generally be used to figure the tax for any child who was under age 14 on January 1, 1990, and who had more than \$1,000 of investment income (such as taxable interest or dividends) that is effectively connected with a U.S. trade or business. However, if neither of the child's parents was alive on December 31, 1989, do not use Form 8615 to figure the child's tax.

Tax Table. If neither of the above conditions applies to you, you MUST use the Tax Table to find your tax. Be sure to use the correct column in the Tax Table. If you checked Filing Status box 3, 4, or 5, you must use the Married filing separately column. When you find the correct tax, enter that amount on line 36.

Note: If you are filing Form 8814, Parent's Election To Report Child's Interest and Dividends, include in your total for line 36 the tax from Form 8814, line 8. Also enter that tax and "Form 8814" on the dotted line next to line 36.

If you are a married resident of Canada, get Pub. 597, Information on the United States-Canada Income Tax Treaty.

Line 37—Additional Taxes.—Check the box(es) on line 37 to report any of the additional taxes from:

Form 4970, Tax on Accumulation Distribution of Trusts.

Form 4972, Tax on Lump-Sum Distributions.

Lines 39 through 43

Credits

Line 39—Credit for Child and Dependent Care Expenses.—You may be able to take a credit here for payments you made for child and disabled dependent care while you worked or looked for work.

The credit is allowed if you kept up a home that included a child under age 13 or your dependent who could not care for himself or herself. Use Form 2441 to figure the credit.

Please see Form 2441 and its instructions for more information, including special rules for divorced or separated parents.

Line 40—Foreign Tax Credit.—Form 1116 shows how to figure a credit for payment of income tax to a foreign country. To take it, you must report income from foreign sources (see **Foreign Income Taxed by U.S.** on page 4). You also must have paid or owe foreign tax on that income. See Pub. 519.

Line 41—General Business Credit.—Complete line 41 if you can take any of the 5 credits listed below. Use the appropriate credit form (as described below) to figure the credit. If you have only one credit that was not from a passive activity, enter on line 41 the amount of the credit from the form. Also, check the second box on line 41 and write in the form number for that credit.

If you have two or more of these credits, a credit carryforward, or a general business credit from a passive activity, you must also complete Form 3800 to figure the total credit. Enter on line 41 the amount from Form 3800. Also be sure to check the box on line 41 for Form 3800.

Form 3468, Computation of Investment Credit. This credit was generally repealed for property placed in service after 1985. For exceptions, see Form 3468.

Form 5884, Jobs Credit. If you are a business employer who hires people who are members of special targeted groups, you may qualify for this credit. Use Form 5884 to figure the credit. Get Pub. 572, General Business Credit, for more details.

Form 6478, Credit for Alcohol Used as Fuel. If you sell straight alcohol (or an alcohol mixture) at retail or use it as fuel in your trade or business, you may be able to take a credit for the alcohol used as fuel. Use Form 6478 to figure the credit.

Form 6765, Credit for Increasing Research Activities. You may be able to take a credit for research and experimental expenditures paid or incurred in carrying on your trade or business. Use Form 6765 to figure the credit.

Form 8586, Low-Income Housing Credit and Schedule A (Form 8609), Annual Statement. If you owned a building that was part of a low-income housing project, you may be able to take this credit. Use Form 8586 and Schedule A (Form 8609) to figure the credit. Also complete and attach Form 8609, Low-Income Housing Credit Allocation Certificate.

Line 42—Credit for Prior Year Minimum Tax.—You may be able to reduce your 1989 tax by this credit if you paid alternative minimum tax in 1987 or 1988. Get Form 8801, Credit for Prior Year Minimum Tax, to see if you qualify for the credit.

Line 43—Add amounts on lines 39 through 42 and enter the total on line 43. Also include in the total on line 43 any of the following credits.

• **Mortgage Interest Credit.** You may be able to take a credit for part of the interest you paid on your home mortgage if you were issued a mortgage credit certificate by a state or local government under a qualified mortgage credit certificate program to buy, rehabilitate, or make improvements to your principal residence. You must complete and attach Form 8396, Mortgage Interest Credit, to figure the credit. Include the amount of the credit in your total for line 43. On the dotted line next to this total, write "MIC" (mortgage interest credit) and show the amount.

Credit for Fuel From a Nonconventional Source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. See section 29 for a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule showing how you figured the credit. Include the credit in the total for line 43. On the dotted line next to this total, write "FNS" and show the amount.

Lines 45 through 52

Other Taxes

Line 45—Alternative Minimum Tax.—You may be liable for the alternative minimum tax if the amount on line 31 plus any of the items listed below and included on your return totals more than:

- \$40,000 if qualifying widow(er) with dependent child, or
 - \$30,000 if single, or
 - \$20,000 if married filing separately.
1. Accelerated depreciation.
 2. Amortization of certified pollution-control facilities.
 3. Charitable contribution of appreciated capital gain property.
 4. Incentive stock options.
 5. Tax-exempt interest from private activity bonds or exempt-interest dividends from a regulated investment company.
 6. Intangible drilling costs.
 7. Depletion.
 8. Circulation and research and experimental expenditures.
 9. Mining exploration and development costs.
 10. Installment sales of property.
 11. Tax shelter farm loss.
 12. Passive activity loss.
 13. Income from long-term contracts.

Note: A child under age 14 may owe the alternative minimum tax if the amount on line 31 plus any of the items listed above and included on the return totals more than the sum of \$1,000 plus the child's earned income.

Individuals, get Form 6251 and its instructions to see if you are liable for this tax. Fiduciaries, get Form 8636 and its instructions.

A net gain on disposing of U.S. real property interests may be subject to the

alternative minimum tax. Use Form 6251 and the following worksheet to figure the tax.

Worksheet

First complete Form 6251 through line 14, and enter a tentative amount on line 15. Then make the following computation:

- A Enter the amount from line 8, Form 6251 _____
- B Enter your net U.S. real property gain for the tax year _____
- C Enter the smaller of A or B _____
- D Enter 21% of line C _____

If the amount on line D is more than the amount you entered on Form 6251, line 15, use that amount instead for line 15. Then complete the rest of Form 6251 using the correct amount on line 15. Enter the amount (if any) from Form 6251, line 19, on Form 1040NR, line 45. If the alternative minimum tax applies, attach Form 6251 and a copy of this page to your return.

Line 46—Recapture Taxes.—You may owe the tax computed on Form 4255, Recapture of Investment Credit, if you disposed of investment credit property or changed its use before the end of its useful life or recovery period. See Form 4255 for details. If you owe this tax, check the box for Form 4255 and enter any tax due on line 46. If you disposed of property (or there was a reduction in the qualified basis of the property) on which you took the low-income housing credit, you may owe the tax computed on Form 8611.

Line 48—Social Security Tax on Tip Income Not Reported to Employer.—If you received tips of \$20 or more in any month and you did not report the full amount to your employer, or your W-2 form(s) shows allocated tips that you must report in income, you must pay the social security or railroad retirement (RRTA) tax on the unreported tips. If you reported the full amount to your employer but your employer did not withhold the social security or RRTA tax, you must pay it unless the rules discussed under **Uncollected Employee Social Security and RRTA Tax on Tips** (line 52) apply.

To figure social security tax on unreported tips, complete Form 4137, Computation of Social Security Tax on Unreported Tip Income. On line 48 enter the tax from Form 4137.

To determine the RRTA tax on unreported tips, contact a Railroad Retirement Board office. On line 48, enter the tax and write "RRTA" on the dotted line.

Be sure to include all your tips in the income on line 8. You may be charged a penalty equal to 50% of the social security tax due on tips you received and did not report to your employer.

Line 49—Tax on IRAs and Retirement Plans.—You may owe this tax if: (1) you received any early distributions from a qualified pension plan (such as your IRA), qualified annuity plan, or tax-sheltered annuity plan; (2) you received any excess distributions from a plan mentioned in (1); (3) you made excess contributions to your IRA; (4) you had excess accumulations in a qualified pension plan (including an IRA); or (5) you received any amount under a modified endowment contract entered into after June 20, 1988.

Get Form 5329 and its instructions to see if you owe this tax. If you do, complete and attach Form 5329 and enter the total tax on line 49.

Caution: Be sure to include in income on line 17 or line 18, as applicable, any early distributions from qualified retirement plans.

Line 50—Transportation Tax.—Nonresident alien individuals are subject to a 4% tax on U.S. sourced gross transportation income that is not effectively connected with a U.S. trade or business.

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

A. You had a fixed place of business in the United States involved in the earning of transportation income, and

B. Substantially all 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, was attributable to a fixed place of business in the United States). See sections 887, 863, and Pub. 519 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 where your tax home (as defined in section 911(d)(3)) is located, or because the country where your tax home is located does not impose tax on the shipping or aircraft income of U.S. persons. If you are exempt from the tax for any of these reasons, you must attach a statement to Form 1040NR identifying your tax home and the treaty, note, or law and provisions under which you claim exemption from the tax.

You must attach a schedule to your return that includes the following information (if applicable) for each trip to or from the United States:

- Type of activity generating income (e.g., partner in leasing partnership; owner/lessor; operator/lessee; management company; etc.).
- Breakdown of total transportation income by type of income (e.g., freight, passenger fare, container rental, services in connection with the use of vessel or aircraft).
- Any other information that may be required by regulations.

Line 51—Supplemental Medicare Premium.—The supplemental Medicare premium has been repealed. **DO NOT** make an entry here, but be sure to complete line 52.

Line 52—Total Tax.—Add lines 44 through 51. Enter the total on line 52. Also include on line 52 any of the following four taxes that apply.

Section 72(m)(5) Excess Benefits Tax. If you are or were a 5% owner of a business, and you received a distribution of excess benefits from a qualified pension or annuity plan, you may have to pay a penalty tax of 10% of the distribution. See Pub. 560 for more details.

Include the amount of the penalty in your total for line 52. On the dotted line next to this total, write "Section 72(m)(5)" and show the amount.

Advance Earned Income Credit (AEIC) Payments. If you received advance EIC payments (AEIC), the amount will be shown on your Form W-2. Include the amount of these payments in your total for line 52. On the dotted line next to this total, write "AEIC" and show the amount.

Note: The amount of earned income credit that you can actually take will be figured on the worksheet in the 1989 Form 1040 Instructions and entered later on line 55.

Uncollected Employee Social Security and RRTA Tax on Tips. If you did not have enough wages to cover the social security tax or railroad retirement (RRTA) tax due on tips you reported to your employer, the amount of tax due will be shown on your Form W-2. Include that amount in the total on line 52. On the dotted line next to this total, write "Uncollected Tax on Tips" and show the amount.

Golden Parachute Payments. Golden parachute payments are certain payments made by a corporation to key employees to compensate them if control of the corporation changes. If you received an excess parachute payment, you must pay a tax equal to 20% of this excess payment. Include the amount of this tax in your total for line 52. On the dotted line next to this total, write "EPP" and show the amount of the tax.

Lines 53 through 62b Payments

Line 53—Total Federal Income Tax Withheld.—Add the amounts shown as Federal income tax withheld on your Forms W-2, W-2G, W-2P, and 1099-R. Enter the total on line 53. The amount of Federal income tax withheld should be shown in Box 9 of Form W-2, Box 2 of Form W-2G, Box 11 of Form W-2P, and Box 4 of Form 1099-R.

If line 53 includes amounts withheld as shown on Form 1099-R, check the box on line 53.

Line 54—1989 Estimated Tax Payments.—Enter on this line any payments you made on your estimated Federal income tax (Form 1040-ES (NR)) for 1989. Include any overpayment from your 1988 return that you applied to your 1989 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 explaining all the payments you made in 1989, the Service Center where you made the payments, and the name(s) and social security number(s) under which the payments were made.

Line 55—Earned Income Credit.—If line 31 is less than \$19,340, you received earned income, and you checked filing status Box 6, see Earned Income Credit (line 58) on page 20 of the Instructions for Form 1040. If you can take the credit, enter on line 55 the credit from line 5 or line 6c, whichever applies, of the worksheet on page 20 of the Form 1040 Instructions. This credit can be as much as \$910.

Line 56—Amount Paid With Form 4868 (Extension of Time To File).—If you filed Form 4868 to get an extension of time to file Form 1040NR, enter the amount you paid with that form. Also include any amounts paid with Form 2688.

Line 57—Excess Social Security Tax and RRTA Tax Withheld—Two or More Employers.—If you had two or more employers in 1989 who together paid you more than \$48,000 in wages, too much social security tax and railroad retirement (RRTA) tax may have been withheld from your wages. If so, you may be able to take a credit against your income tax.

If you worked for two or more railroad employers, or if you had both RRTA tax and social security tax withheld from your wages, get Pub. 505, Tax Withholding and Estimated Tax, for information on how to figure your excess RRTA or social security tax. **Do not** use the following worksheet.

Caution: If you were a Federal, state, or local government employee who paid only the 1.45% Medicare (hospital insurance benefits) tax on your government wages, do not include on line 1 of the following worksheet the Medicare tax withheld from your government wages. See the instructions for line 59 to see if you can take a credit for excess Medicare tax paid.

Worksheet (keep for your records)

1 Add all social security tax withheld (but not more than \$3,604.80 for each employer). [*] Enter the total here	_____
2 Enter any uncollected social security tax on tips included in the total on Form 1040NR, line 52	_____
3 Add 1 and 2 above	_____
4 Less	3,604.80
5 Subtract line 4 from line 3. Enter this amount on line 57	_____

^{*}If any one employer withheld more than \$3,604.80, you should ask the employer to refund the excess to you. You cannot take credit for it on your return.

Line 58—Credit for Federal Tax on Fuels.—If you can take a credit for tax on gasoline and special fuels used in your business, or for certain diesel-powered cars, vans, and light trucks, please attach Form 4136. Enter the credit on line 58. For more information, get Pub. 225, Farmer's Tax Guide, or Pub. 378, Fuel Tax Credits and Refunds.

Line 59—Regulated Investment Company Credit.—Enter the total credit from Form 2439. Be sure to attach Copy B of Form 2439. Also include on line 59 any Excess Medicare Tax Credit.

Excess Medicare Tax Credit. If you were a Federal, state, or local government employee whose wages in 1989 were subject only to the 1.45% Medicare (hospital insurance benefits) tax and you had other social security or RRTA wages that when added to your government wages total more than \$48,000, too much Medicare tax may have been withheld. If so, you may take a credit against your income tax. Use Form 4469, Computation of Excess Medicare Tax Credit, to figure the credit. Include the amount of the credit in

your total for line 59. On the dotted line next to this total, write "Form 4469" and show the amount.

Line 60—Credit for Amount Paid With Form 1040C.—Enter any amount you paid with Form 1040C for 1989.

Lines 61a and 61b—U.S. Tax Withheld at Source.—Enter on line 61a the amount you show on line 79, page 4. Enter on line 61b any tax withheld by a partnership under section 1446. Be sure to attach a copy of Form 1042S, SSA-1042S, RRB-1042S, or similar form.

Lines 62a and 62b—U.S. Tax Withheld on Dispositions of U.S. Real Property Interests.—Enter on line 62a any tax withheld on dispositions of U.S. real property interests from Form 8288-A. Enter on line 62b any tax withheld on dispositions of U.S. real property interest from Form 1042S.

Lines 64 through 68

Refund or Amount You Owe

Line 64—Overpayment (if line 63 is larger than line 52).—Subtract line 52 from line 63. You can choose to have all, or part, of this amount refunded to you (line 65). The remainder, if any, can be applied to your estimated tax for 1990 (line 66). If line 64 is under \$1, we will send a refund only on written request.

Income Tax Withholding for 1990.—If the amount you overpaid is large, get a copy of Form W-4, Employee's Withholding Allowance Certificate, from your employer to see if you are entitled to additional allowances. If you are, file a new Form W-4 with your employer to change the amount of income tax to be withheld from your wages.

If you go back to work after a period of unemployment, you may reduce the amount of income tax withheld if your employer agrees to use the part-year method of withholding. There are also other methods that could reduce your withholding.

For more details, see your employer or get Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Line 65—Refund.—Enter the amount from line 64 that you want refunded to you.

Line 66—Credit to Estimated Tax.—Enter on this line the amount of overpayment you want applied to your estimated tax for 1990.

Line 67—Amount You Owe (if line 52 is larger than line 63).—Subtract line 63 from line 52 and enter the result. This is the amount you owe.

Attach your check or money order for the full amount when you file. Make it out to "Internal Revenue Service" and be sure to write your identifying or social security number and "1989 Form 1040NR" on it. Do not include any estimated tax payments in your check or money order. If line 67 is under \$1, you do not have to pay.

Line 68—Penalty for Underpayment of Estimated Tax.—If line 67 is \$500 or more and more than 10% of the tax shown on your return, or you underpaid your 1989 estimated tax liability for any payment period, you may owe a penalty. Use Form 2210 (Form 2210F for farmers and

fishermen) to see if you owe a penalty and to figure the amount of the penalty. You may figure the penalty yourself on Form 2210 (or 2210F), or IRS will figure the penalty for you and send you a bill. But if you use the annualized income installment method to figure your required payments, you must complete and attach Form 2210 to Form 1040NR even if you do not owe the penalty.

Note: The penalty may be waived under certain conditions. Get Pub. 505, Tax Withholding and Estimated Tax, for details.

If you figure the penalty yourself on Form 2210 (or 2210F), enter the penalty amount on Form 1040NR, line 68. Add the penalty amount to any tax due and show the total on line 67. Or if you are due a refund, subtract the penalty amount from the overpayment you show on line 64.

However, if you pay other penalties or interest with this return (late filing or late payment penalties—explained under "Reminders" at the end of these instructions), show those amounts in the bottom margin of page 2 and identify them. Do not include them on line 67.

Income Tax Withholding for 1990

If you do owe tax for 1989, you may want to increase the amount of income tax withheld from your pay for 1990.

For more details, get Pub. 505 or Pub. 515.

Signature

See the instructions under "Reminders" on page 13 for the signature area after you complete pages 3, 4, and 5 of the form.

Itemized Deductions

Lines 1 and 2

State and Local Income Taxes

You can deduct state and local income taxes that you paid or that were withheld from your salary during 1989 on income connected with a U.S. trade or business. If, during 1989, you received any refunds of income tax paid in earlier years, do not subtract them from the amount you deduct here. See instructions for Form 1040NR, line 11.

Lines 3 and 4

Gifts to U.S. Charities

You may deduct what you actually gave to U.S. organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals. If you do not know whether you can deduct what you gave to an organization, check with that organization or with IRS.

Caution: If you contributed to a charitable organization and also received a benefit from it, you may deduct only the amount that is more than the value of the benefit you received. For more information, get Pub. 525, Charitable Contributions.

Contributions You MAY Deduct

Contributions may be in cash (keep cancelled 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 listed earlier. If you drove to and from the volunteer work, you may take 12 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

Limit on the amount you may deduct. If any of the following applies, get Pub. 526 to figure the amount of your deduction:

- your cash contributions or contributions of ordinary income property are more than 30% of Form 1040NR, line 31,
- your gifts of capital property to certain organizations are more than 20% of Form 1040NR, line 31, or
- 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.
- The 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.
- Foreign organizations.
- Groups that are run for personal profit.
- Groups whose purpose is to lobby for changes in the laws.
- Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

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. You should also keep reliable written records for each gift of property that include the following information:

- How you figured the property's value at the time you gave it. (If the value was determined by an appraisal, you should also 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 or if you gave less than your entire interest in the property, or

you made a qualified conservation contribution under section 170(h), your records should contain additional information. (Get Pub. 526 for details.)

Line 3a. Enter contributions you made in cash or by check (including out-of-pocket expenses). If you gave \$3,000 or more to any one organization, show to whom and how much you gave in the space provided

Line 3b. 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, Noncash Charitable Contributions. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limitations that could result in a carryover of contributions. See Form 8283 and its instructions for details.

Line 5

Casualty and Theft Losses

Use line 5 to report any casualty or theft losses of property that is not trade or business, income-producing, or rent or royalty property. Figure your loss on Form 4684, Casualties and Thefts. Enter on line 5 the amount of loss from Form 4684. Attach Form 4684.

Losses You MAY Deduct.—You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes. 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—

- The amount of EACH separate casualty or theft loss is more than \$100, and
- The total amount of ALL losses during the year is more than 10% of your adjusted gross income on Form 1040NR, line 31.

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

Losses You MAY NOT Deduct.

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Use line 7b 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 more details, get Pub. 547, Nonbusiness Disasters, Casualties, and Thefts. It also gives information about Federal disaster area losses.

Line 6

Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your change in job location has added at least 35 miles to the distance from your old residence to your workplace. If you had no former workplace, your new workplace must be at least 35 miles from your old residence. If you meet these requirements, see Pub. 521, Moving Expenses. Complete and attach Form 3903 to figure the amount of moving expenses to enter on line 6.

Lines 7a through 9

Miscellaneous Deductions

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

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total. Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 7a) and certain expenses you paid to produce or collect taxable income (line 7b).

Note: Beginning in 1989, if you use your home telephone for business purposes, you may not deduct any of the basic local service charge (including taxes) for the first telephone line into your home.

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct, such as certain job expenses of handicapped employees. These expenses can be deducted in full on line 9. See Pub. 529, Miscellaneous Deductions, for more details.

Expenses Subject to 2% AGI Limit

Line 7a. Use line 7a to report job expenses you paid for which you were not reimbursed. In some cases, you MUST first fill out Form 2106, Employee Business Expenses. Fill out Form 2106 if:

- you claim any travel, transportation, meal, or entertainment expenses for your job; or
 - your employer paid you for any of your job expenses reportable on line 7a.
- If 1 or 2 above applies, enter the amount from Form 2106, line 13, on line 7a of Schedule A.

If you don't have to fill out Form 2106, list your expenses on line 7a. If necessary, show the required information on an attached statement. Enter one total in the total amount column.

Examples of expenses to include on line 7a are:

- Travel, transportation, meal or entertainment expenses. (Note: If you have any of these expenses, you must use Form 2106 for all your job expenses.)
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employers said you must have, and which you may not usually wear away from work.

- Protective clothing, required in your work, such as hard hats and safety shoes and glasses.

- Physical examinations your employer said you must have.

- Dues to professional organizations and chambers of commerce.

- Subscriptions to professional journals.

- Business use of part of your home, but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. Limits apply to the amount of expenses you may include. For details, see Pub. 587, Business Use of Your Home.

- Educational expenses you paid for education required by your employer, or by law or regulations, to keep your present salary or job. In general, you may also include the cost of maintaining or improving skills you must have in your present position. For more details, see Pub. 508, Educational Expenses. Some educational expenses are not deductible (see Expenses You MAY NOT Deduct below).

- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Line 7b. List the type and amount of each expense. Enter on this line amounts you paid to produce or collect taxable income, manage or protect property held for producing income, or determine your tax. Enter one total in the total amount column on line 7b. If necessary, show the required information on an attached statement. Examples of these expenses are:

- Tax return preparation fee.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g., 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, see Pub. 529.

Other Miscellaneous Deductions

Line 9. Only certain miscellaneous expenses are not subject to the 2% AGI limit. List the type and amount of each expense. Enter one total in the total amount column on line 9. Examples of these expenses are:

- Certain adjustments when you restore amounts held under a claim of right.
- Impairment-related work expenses of a handicapped person.

For more details on these and other expenses not subject to 2% AGI limit, get Pub. 529.

Expenses You MAY NOT Deduct

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property (but see Casualty and Theft Losses).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.

Expenses of:

- a. Travel as a form of education.
- b. Attending a convention, seminar, or similar meeting unless it is related to your employment.
- c. Fines and penalties.
- d. Expenses of producing tax-exempt income.

Tax on Income Not Effectively Connected With a U.S. Trade or Business

For more information, see Pub. 519, U.S. Tax Guide for Aliens.

The items below are generally taxed at 30% if they are not effectively connected with your U.S. trade or business. The rate may be lower for you if your country and the United States have a treaty setting lower rates. Table 1 in Pub. 901 summarizes what 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 list below gives only a general idea of what income to report on page 4.

1. Income that is fixed or periodic, such as interest, 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.

2. Gains, other than capital gains, from the sale or exchange of patents, copyrights, and other intangible property.
3. Gain from a sale or exchange of an original issue discount obligation, not in excess of the original issue discount accruing while such obligation was held by you and not previously included in income. See section 871(a)(1)(C)(i).

4. Lump-sum distributions from employees' tax-exempt trusts; payments to beneficiaries under qualified annuity plans; and timber, coal, and iron ore royalties.

5. Capital gains in excess of capital losses from U.S. sources during 1989. Include these gains only if you were in the United States at least 183 days during 1989. 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 3.

6. 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.

Social Security Benefits (and Tier I Railroad Retirement Benefits Treated As Social Security).—One-half of the U.S. social security benefits you received are taxable. This amount is treated as U.S. source income not effectively connected with a U.S. trade or business and 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 benefits under title II of the Social Security Act or the amount of a tier I railroad retirement benefit that is equivalent to social security benefits. Social security benefits do not include any Supplemental Security Income (SSI) payments.

You should receive a statement on Form SSA-1042S by January 31, 1990. If you received railroad retirement benefits treated as social security, you should receive Form RRB-1042S.

Enter 50 percent of the total amount from Box 5 of ALL your Forms SSA-1042S and Forms RRB-1042S on line 76, page 4, of Form 1040NR. Attach a copy of all Forms SSA-1042S and RRB-1042S to Form 1040NR.

Withholding of Tax at the Source.—A tax must be withheld at 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 periodical 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 the regulations thereunder.

Questionnaire on Page 5

You must answer all questions. If a question does not apply to you, write "NA" (Not Applicable).

Reporting of Treaty Benefits Claimed

The following rules apply to tax years for which the due date for filing returns (without regard to extensions) is after December 31, 1988.

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 a statement attached to your tax return. But see **Exceptions** below. You can be charged a \$1,000 penalty for each failure to report the required information. For more details, including the information that must be reported, see Pub. 519 and Temporary Regulations section 301.6114-1T.

Exceptions. Reporting is not required for the following positions taken:

1. A treaty reduces the rate of withholding tax otherwise applicable to a particular type of fixed or determinable annual or periodical income subject to withholding under section 1441, such as

dividends, interest, rents, or royalties. **Note:** This exception does not apply to certain interest or dividends paid by foreign corporations or to income received from certain U.S. persons. For details, see Temporary Regulations section 301.6114-1T(b)(4).

2. An individual's country of residence is determined under a treaty and apart from the Code.

3. A treaty reduces or modifies the taxation of income derived from dependent personal services, pensions, annuities, social security and other public pensions, or income derived by artists, athletes, students, trainees, or teachers.

4. A nondiscrimination provision of a treaty allows the making of an election under section 897(i).

5. A Social Security Totalization Agreement or a Diplomatic or Consular Agreement reduces or modifies the taxation of income derived by the taxpayer.

In addition, reporting is not required by a partner in a partnership or a beneficiary of an estate or trust if the partnership, estate, or trust reports the required information on its return.

Reminders

Sign and Date Your Return

Form 1040NR is not considered a valid return unless you sign it. If an agent (including your spouse) signs for you, your authorization of the signature must be filed with the return.

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 IRS approved.

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

Dependent Child's Return.—If your dependent child cannot sign his or her return because of age or other reasons, you may sign your child's name in the space provided followed by the words "By (your signature), parent (or guardian) for minor child."

Did You Have Someone Else Prepare Your Return? If you fill in your own return, the Paid Preparer's space should remain blank. Someone who prepares your return but does not charge you, should not sign.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Use Only area of your return.

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

The preparer required to sign your return **MUST:**

• Sign it by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

• Give you a copy of your return in addition to the copy to be filed with IRS.

Tax return preparers should be familiar with their responsibilities. They should see **Pub. 1045, Information for Tax Practitioners**, for more details.

Address Change

If you move after filing your return and you expect a refund, notify both the post office serving your old address and the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A. You will receive your check faster this way. Please be sure to write your identifying or social security number on any letters to IRS.

Estimated Tax for Individuals

In general, you do not have to pay estimated tax if you expect your 1990 Form 1040NR to show a tax refund, or a tax balance due (money you still owe IRS when you file in 1991) of less than \$500. However, if your total balance due (estimated tax) is \$500 or more, you may have to pay estimated tax.

Generally, estimated tax affects self-employed people and wage earners in upper-income brackets. Paying estimated tax puts you in the same pay-as-you-go basis as most employees.

To determine whether you must pay estimated tax, see **Form 1040-ES(NR)**. It contains a worksheet that 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 1990 and you must pay estimated tax, use **Form 1040-ES**.

Tax Shelter Registration Number

A person who sells (or otherwise transfers) to you an interest in a tax shelter must maintain a list of investors and give you the tax shelter registration number assigned to the tax shelter. You must attach to your tax return **Form 8271, Investor Reporting of Tax Shelter Registration Number**, to report this number. Penalties are provided if you fail to report this number on your tax return.

How Long To Keep Your Records

Keep your records as long as they may be needed to carry out any Internal Revenue law. This means you should keep those records on items of income, deduction, or credit that you show on your return 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. Other records must be kept longer. Keep property records (including those on

your own home) as long as they are needed to figure the basis of the original or replacement property. Also keep copies of the tax returns you have filed. For more details, get **Pub. 552, Recordkeeping for Individuals**.

Requesting a Copy of Your Tax Return. If you need a copy of your tax return, use **Form 4506, Request for Copy of Tax Form**. The charge for a copy of a return is \$4.25.

Penalties and Interest

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, gross valuation overstatements, and substantial understatements of tax. Interest is charged on the penalty as of the due date of the return (including extensions) to the date of payment.

Late Filing of Return.—You can avoid penalties for late filing by sending in your return by the due date. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a late return, attach a full explanation to your return. If your return is more than 60 days late, the penalty will be at least \$100 or the balance of tax due on your return, whichever is less.

Late Payment of Tax.—Generally, the penalty for not paying tax when due is 1/2 of 1% of the unpaid amount for each month or part of a month it remains unpaid. The maximum penalty is 25% of the unpaid amount. The penalty applies to any unpaid tax shown on a return. It also applies to any additional tax shown on a bill if it is not paid within 10 days from the date of the bill. This penalty is in addition to interest charges on late payments.

Note: If you include interest or either of these penalties with your payment, identify and enter these amounts in the bottom margin of **Form 1040NR, page 2**. Do not include the interest or penalty amounts in **Amount You Owe on line 67**.

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 which 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 any alteration or striking out of the preprinted language above the space provided for your signature.

Other Penalties.—There are also other penalties that 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.

Gift To Reduce the Public Debt

You may make a gift to reduce the public debt. If you wish to do so, enclose a separate check with your income tax return. Make it payable to "Bureau of the Public Debt." You may be able to deduct this gift on your 1990 tax return. Please do not add it to any tax you may owe. If you owe tax, include a separate check for that amount payable to "Internal Revenue Service."

Taxpayer Assistance

IRS assistance is available to help you prepare returns. 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 the local city number listed in your telephone directory if it is not a long-distance call for you. Otherwise, call 1-800-424-1040, a toll-free number.

If you find it necessary to write instead of calling, please address your letter to your IRS District Director for a prompt reply. Make sure you include your social security number or taxpayer identifying number when you write.

Assistance in answering tax questions and filling out tax returns is also available in person from Internal Revenue offices in: Bonn, Germany; Caracas, Venezuela; Riyadh, Saudi Arabia; London, England; Manila, the Philippines; Mexico City, Mexico; Nassau, the Bahamas; Ottawa, Canada; Paris, France; Rome, Italy; Sao Paulo, Brazil; Singapore; Sydney, Australia; and Tokyo, Japan. The offices generally are located in the U.S. embassies or consulates. During every tax return filing period, income tax forms and publications may be obtained from U.S. embassies and consulates abroad.

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

Unresolved Tax Problems

The Problem Resolution Program is for taxpayers who have been unable to resolve their problems with IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. (You may also contact one of the overseas IRS offices listed on this page under **Taxpayer Assistance**.) Although this office cannot change the tax law or technical decisions, it can assist in resolving problems that resulted from previous contacts.

1989 Tax Table

Based on Taxable Income

For persons with taxable incomes of less than \$50,000. If \$50,000 or more, use the Tax Rate Schedules.

Example: Mr. Green is filing as a qualifying widower. His taxable income on line 35 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 write on line 36 of his return.

At least	But less than	Single	Qualifying widow(er)	Married filing separately
Your tax is—				
25,200	25,250	4,652	3,784	5,051
25,250	25,300	4,666	3,791	5,065
25,300	25,350	4,680	3,799	5,079
25,350	25,400	4,694	3,806	5,093

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) 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	1,400	1,425	212	212	212	2,700	2,725	407	407	407
5	15	2	2	2	1,425	1,450	216	216	216	2,725	2,750	411	411	411
15	25	3	3	3	1,450	1,475	219	219	219	2,750	2,775	414	414	414
25	50	6	6	6	1,475	1,500	223	223	223	2,775	2,800	418	418	418
50	75	9	9	9	1,500	1,525	227	227	227	2,800	2,825	422	422	422
75	100	13	13	13	1,525	1,550	231	231	231	2,825	2,850	426	426	426
100	125	17	17	17	1,550	1,575	234	234	234	2,850	2,875	429	429	429
125	150	21	21	21	1,575	1,600	238	238	238	2,875	2,900	433	433	433
150	175	24	24	24	1,600	1,625	242	242	242	2,900	2,925	437	437	437
175	200	28	28	28	1,625	1,650	246	246	246	2,925	2,950	441	441	441
200	225	32	32	32	1,650	1,675	249	249	249	2,950	2,975	444	444	444
225	250	36	36	36	1,675	1,700	253	253	253	2,975	3,000	448	448	448
250	275	39	39	39	1,700	1,725	257	257	257	3,000				
275	300	43	43	43	1,725	1,750	261	261	261	3,000	3,050	454	454	454
300	325	47	47	47	1,750	1,775	264	264	264	3,050	3,100	461	461	461
325	350	51	51	51	1,775	1,800	268	268	268	3,100	3,150	469	469	469
350	375	54	54	54	1,800	1,825	272	272	272	3,150	3,200	476	476	476
375	400	58	58	58	1,825	1,850	276	276	276	3,200	3,250	484	484	484
400	425	62	62	62	1,850	1,875	279	279	279	3,250	3,300	491	491	491
425	450	66	66	66	1,875	1,900	283	283	283	3,300	3,350	499	499	499
450	475	69	69	69	1,900	1,925	287	287	287	3,350	3,400	506	506	506
475	500	73	73	73	1,925	1,950	291	291	291	3,400	3,450	514	514	514
500	525	77	77	77	1,950	1,975	294	294	294	3,450	3,500	521	521	521
525	550	81	81	81	1,975	2,000	298	298	298	3,500	3,550	529	529	529
550	575	84	84	84	2,000					3,550	3,600	536	536	536
575	600	88	88	88	2,000	2,025	302	302	302	3,600	3,650	544	544	544
600	625	92	92	92	2,025	2,050	306	306	306	3,650	3,700	551	551	551
625	650	96	96	96	2,050	2,075	309	309	309	3,700	3,750	559	559	559
650	675	99	99	99	2,075	2,100	313	313	313	3,750	3,800	566	566	566
675	700	103	103	103	2,100	2,125	317	317	317	3,800	3,850	574	574	574
700	725	107	107	107	2,125	2,150	321	321	321	3,850	3,900	581	581	581
725	750	111	111	111	2,150	2,175	324	324	324	3,900	3,950	589	589	589
750	775	114	114	114	2,175	2,200	328	328	328	3,950	4,000	596	596	596
775	800	118	118	118	2,200					4,000				
800	825	122	122	122	2,200	2,225	332	332	332	4,000	4,050	604	604	604
825	850	126	126	126	2,225	2,250	336	336	336	4,050	4,100	611	611	611
850	875	129	129	129	2,250	2,275	339	339	339	4,100	4,150	619	619	619
875	900	133	133	133	2,275	2,300	343	343	343	4,150	4,200	626	626	626
900	925	137	137	137	2,300	2,325	347	347	347	4,200	4,250	634	634	634
925	950	141	141	141	2,325	2,350	351	351	351	4,250	4,300	641	641	641
950	975	144	144	144	2,350	2,375	354	354	354	4,300	4,350	649	649	649
975	1,000	148	148	148	2,375	2,400	358	358	358	4,350	4,400	656	656	656
1,000					2,400	2,425	362	362	362	4,400	4,450	664	664	664
1,000	1,025	152	152	152	2,425	2,450	366	366	366	4,450	4,500	671	671	671
1,025	1,050	156	156	156	2,450	2,475	369	369	369	4,500	4,550	679	679	679
1,050	1,075	159	159	159	2,475	2,500	373	373	373	4,550	4,600	686	686	686
1,075	1,100	163	163	163	2,500	2,525	377	377	377	4,600	4,650	694	694	694
1,100	1,125	167	167	167	2,525	2,550	381	381	381	4,650	4,700	701	701	701
1,125	1,150	171	171	171	2,550	2,575	384	384	384	4,700	4,750	709	709	709
1,150	1,175	174	174	174	2,575	2,600	388	388	388	4,750	4,800	716	716	716
1,175	1,200	178	178	178	2,600	2,625	392	392	392	4,800	4,850	724	724	724
1,200	1,225	182	182	182	2,625	2,650	396	396	396	4,850	4,900	731	731	731
1,225	1,250	186	186	186	2,650	2,675	399	399	399	4,900	4,950	739	739	739
1,250	1,275	189	189	189	2,675	2,700	403	403	403	4,950	5,000	746	746	746
1,275	1,300	193	193	193	1,300					4,950				
1,300	1,325	197	197	197	2,700	2,725	407	407	407	5,000				
1,325	1,350	201	201	201	1,325					5,000				
1,350	1,375	204	204	204	2,725	2,750	411	411	411					
1,375	1,400	208	208	208	2,750	2,775	414	414	414					

Continued on next page

100

1989 Tax Table—Continued

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) 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—		
5,000					8,000					11,000				
5,000	5,050	754	754	754	8,000	8,050	1,204	1,204	1,204	11,000	11,050	1,654	1,654	1,654
5,050	5,100	761	761	761	8,050	8,100	1,211	1,211	1,211	11,050	11,100	1,661	1,661	1,661
5,100	5,150	769	769	769	8,100	8,150	1,219	1,219	1,219	11,100	11,150	1,669	1,669	1,669
5,150	5,200	776	776	776	8,150	8,200	1,226	1,226	1,226	11,150	11,200	1,676	1,676	1,676
5,200	5,250	784	784	784	8,200	8,250	1,234	1,234	1,234	11,200	11,250	1,684	1,684	1,684
5,250	5,300	791	791	791	8,250	8,300	1,241	1,241	1,241	11,250	11,300	1,691	1,691	1,691
5,300	5,350	799	799	799	8,300	8,350	1,249	1,249	1,249	11,300	11,350	1,699	1,699	1,699
5,350	5,400	806	806	806	8,350	8,400	1,256	1,256	1,256	11,350	11,400	1,706	1,706	1,706
5,400	5,450	814	814	814	8,400	8,450	1,264	1,264	1,264	11,400	11,450	1,714	1,714	1,714
5,450	5,500	821	821	821	8,450	8,500	1,271	1,271	1,271	11,450	11,500	1,721	1,721	1,721
5,500	5,550	829	829	829	8,500	8,550	1,279	1,279	1,279	11,500	11,550	1,729	1,729	1,729
5,550	5,600	836	836	836	8,550	8,600	1,286	1,286	1,286	11,550	11,600	1,736	1,736	1,736
5,600	5,650	844	844	844	8,600	8,650	1,294	1,294	1,294	11,600	11,650	1,744	1,744	1,744
5,650	5,700	851	851	851	8,650	8,700	1,301	1,301	1,301	11,650	11,700	1,751	1,751	1,751
5,700	5,750	859	859	859	8,700	8,750	1,309	1,309	1,309	11,700	11,750	1,759	1,759	1,759
5,750	5,800	866	866	866	8,750	8,800	1,316	1,316	1,316	11,750	11,800	1,766	1,766	1,766
5,800	5,850	874	874	874	8,800	8,850	1,324	1,324	1,324	11,800	11,850	1,774	1,774	1,774
5,850	5,900	881	881	881	8,850	8,900	1,331	1,331	1,331	11,850	11,900	1,781	1,781	1,781
5,900	5,950	889	889	889	8,900	8,950	1,339	1,339	1,339	11,900	11,950	1,789	1,789	1,789
5,950	6,000	896	896	896	8,950	9,000	1,346	1,346	1,346	11,950	12,000	1,796	1,796	1,796
6,000					9,000					12,000				
6,000	6,050	904	904	904	9,000	9,050	1,354	1,354	1,354	12,000	12,050	1,804	1,804	1,804
6,050	6,100	911	911	911	9,050	9,100	1,361	1,361	1,361	12,050	12,100	1,811	1,811	1,811
6,100	6,150	919	919	919	9,100	9,150	1,369	1,369	1,369	12,100	12,150	1,819	1,819	1,819
6,150	6,200	926	926	926	9,150	9,200	1,376	1,376	1,376	12,150	12,200	1,826	1,826	1,826
6,200	6,250	934	934	934	9,200	9,250	1,384	1,384	1,384	12,200	12,250	1,834	1,834	1,834
6,250	6,300	941	941	941	9,250	9,300	1,391	1,391	1,391	12,250	12,300	1,841	1,841	1,841
6,300	6,350	949	949	949	9,300	9,350	1,399	1,399	1,399	12,300	12,350	1,849	1,849	1,849
6,350	6,400	956	956	956	9,350	9,400	1,406	1,406	1,406	12,350	12,400	1,856	1,856	1,856
6,400	6,450	964	964	964	9,400	9,450	1,414	1,414	1,414	12,400	12,450	1,864	1,864	1,864
6,450	6,500	971	971	971	9,450	9,500	1,421	1,421	1,421	12,450	12,500	1,871	1,871	1,871
6,500	6,550	979	979	979	9,500	9,550	1,429	1,429	1,429	12,500	12,550	1,879	1,879	1,879
6,550	6,600	986	986	986	9,550	9,600	1,436	1,436	1,436	12,550	12,600	1,886	1,886	1,886
6,600	6,650	994	994	994	9,600	9,650	1,444	1,444	1,444	12,600	12,650	1,894	1,894	1,894
6,650	6,700	1,001	1,001	1,001	9,650	9,700	1,451	1,451	1,451	12,650	12,700	1,901	1,901	1,901
6,700	6,750	1,009	1,009	1,009	9,700	9,750	1,459	1,459	1,459	12,700	12,750	1,909	1,909	1,909
6,750	6,800	1,016	1,016	1,016	9,750	9,800	1,466	1,466	1,466	12,750	12,800	1,916	1,916	1,916
6,800	6,850	1,024	1,024	1,024	9,800	9,850	1,474	1,474	1,474	12,800	12,850	1,924	1,924	1,924
6,850	6,900	1,031	1,031	1,031	9,850	9,900	1,481	1,481	1,481	12,850	12,900	1,931	1,931	1,931
6,900	6,950	1,039	1,039	1,039	9,900	9,950	1,489	1,489	1,489	12,900	12,950	1,939	1,939	1,939
6,950	7,000	1,046	1,046	1,046	9,950	10,000	1,496	1,496	1,496	12,950	13,000	1,946	1,946	1,946
7,000					10,000					13,000				
7,000	7,050	1,054	1,054	1,054	10,000	10,050	1,504	1,504	1,504	13,000	13,050	1,954	1,954	1,954
7,050	7,100	1,061	1,061	1,061	10,050	10,100	1,511	1,511	1,511	13,050	13,100	1,961	1,961	1,961
7,100	7,150	1,069	1,069	1,069	10,100	10,150	1,519	1,519	1,519	13,100	13,150	1,969	1,969	1,969
7,150	7,200	1,076	1,076	1,076	10,150	10,200	1,526	1,526	1,526	13,150	13,200	1,976	1,976	1,976
7,200	7,250	1,084	1,084	1,084	10,200	10,250	1,534	1,534	1,534	13,200	13,250	1,984	1,984	1,984
7,250	7,300	1,091	1,091	1,091	10,250	10,300	1,541	1,541	1,541	13,250	13,300	1,991	1,991	1,991
7,300	7,350	1,099	1,099	1,099	10,300	10,350	1,549	1,549	1,549	13,300	13,350	1,999	1,999	1,999
7,350	7,400	1,106	1,106	1,106	10,350	10,400	1,556	1,556	1,556	13,350	13,400	2,006	2,006	2,006
7,400	7,450	1,114	1,114	1,114	10,400	10,450	1,564	1,564	1,564	13,400	13,450	2,014	2,014	2,014
7,450	7,500	1,121	1,121	1,121	10,450	10,500	1,571	1,571	1,571	13,450	13,500	2,021	2,021	2,021
7,500	7,550	1,129	1,129	1,129	10,500	10,550	1,579	1,579	1,579	13,500	13,550	2,029	2,029	2,029
7,550	7,600	1,136	1,136	1,136	10,550	10,600	1,586	1,586	1,586	13,550	13,600	2,036	2,036	2,036
7,600	7,650	1,144	1,144	1,144	10,600	10,650	1,594	1,594	1,594	13,600	13,650	2,044	2,044	2,044
7,650	7,700	1,151	1,151	1,151	10,650	10,700	1,601	1,601	1,601	13,650	13,700	2,051	2,051	2,051
7,700	7,750	1,159	1,159	1,159	10,700	10,750	1,609	1,609	1,609	13,700	13,750	2,059	2,059	2,059
7,750	7,800	1,166	1,166	1,166	10,750	10,800	1,616	1,616	1,616	13,750	13,800	2,066	2,066	2,066
7,800	7,850	1,174	1,174	1,174	10,800	10,850	1,624	1,624	1,624	13,800	13,850	2,074	2,074	2,074
7,850	7,900	1,181	1,181	1,181	10,850	10,900	1,631	1,631	1,631	13,850	13,900	2,081	2,081	2,081
7,900	7,950	1,189	1,189	1,189	10,900	10,950	1,639	1,639	1,639	13,900	13,950	2,089	2,089	2,089
7,950	8,000	1,196	1,196	1,196	10,950	11,000	1,646	1,646	1,646	13,950	14,000	2,096	2,096	2,096

Continued on next page

1989 Tax Table—Continued

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) 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—		
14,000					17,000					20,000				
14,000	14,050	2.104	2.104	2.104	17,000	17,050	2.554	2.554	2.755	20,000	20,050	3.196	3.004	3.595
14,050	14,100	2.111	2.111	2.111	17,050	17,100	2.561	2.561	2.769	20,050	20,100	3.210	3.011	3.609
14,100	14,150	2.119	2.119	2.119	17,100	17,150	2.569	2.569	2.783	20,100	20,150	3.224	3.019	3.623
14,150	14,200	2.126	2.126	2.126	17,150	17,200	2.576	2.576	2.797	20,150	20,200	3.238	3.026	3.637
14,200	14,250	2.134	2.134	2.134	17,200	17,250	2.584	2.584	2.811	20,200	20,250	3.252	3.034	3.651
14,250	14,300	2.141	2.141	2.141	17,250	17,300	2.591	2.591	2.825	20,250	20,300	3.266	3.041	3.665
14,300	14,350	2.149	2.149	2.149	17,300	17,350	2.599	2.599	2.839	20,300	20,350	3.280	3.049	3.679
14,350	14,400	2.156	2.156	2.156	17,350	17,400	2.606	2.606	2.853	20,350	20,400	3.294	3.056	3.693
14,400	14,450	2.164	2.164	2.164	17,400	17,450	2.614	2.614	2.867	20,400	20,450	3.308	3.064	3.707
14,450	14,500	2.171	2.171	2.171	17,450	17,500	2.621	2.621	2.881	20,450	20,500	3.322	3.071	3.721
14,500	14,550	2.179	2.179	2.179	17,500	17,550	2.629	2.629	2.895	20,500	20,550	3.336	3.079	3.735
14,550	14,600	2.186	2.186	2.186	17,550	17,600	2.636	2.636	2.909	20,550	20,600	3.350	3.086	3.749
14,600	14,650	2.194	2.194	2.194	17,600	17,650	2.644	2.644	2.923	20,600	20,650	3.364	3.094	3.763
14,650	14,700	2.201	2.201	2.201	17,650	17,700	2.651	2.651	2.937	20,650	20,700	3.378	3.101	3.777
14,700	14,750	2.209	2.209	2.209	17,700	17,750	2.659	2.659	2.951	20,700	20,750	3.392	3.109	3.791
14,750	14,800	2.216	2.216	2.216	17,750	17,800	2.666	2.666	2.965	20,750	20,800	3.406	3.116	3.805
14,800	14,850	2.224	2.224	2.224	17,800	17,850	2.674	2.674	2.979	20,800	20,850	3.420	3.124	3.819
14,850	14,900	2.231	2.231	2.231	17,850	17,900	2.681	2.681	2.993	20,850	20,900	3.434	3.131	3.833
14,900	14,950	2.239	2.239	2.239	17,900	17,950	2.689	2.689	3.007	20,900	20,950	3.448	3.139	3.847
14,950	15,000	2.246	2.246	2.246	17,950	18,000	2.696	2.696	3.021	20,950	21,000	3.462	3.146	3.861
15,000					18,000					21,000				
15,000	15,050	2.254	2.254	2.254	18,000	18,050	2.704	2.704	3.035	21,000	21,050	3.476	3.154	3.875
15,050	15,100	2.261	2.261	2.261	18,050	18,100	2.711	2.711	3.049	21,050	21,100	3.490	3.161	3.889
15,100	15,150	2.269	2.269	2.269	18,100	18,150	2.719	2.719	3.063	21,100	21,150	3.504	3.169	3.903
15,150	15,200	2.276	2.276	2.276	18,150	18,200	2.726	2.726	3.077	21,150	21,200	3.518	3.176	3.917
15,200	15,250	2.284	2.284	2.284	18,200	18,250	2.734	2.734	3.091	21,200	21,250	3.532	3.184	3.931
15,250	15,300	2.291	2.291	2.291	18,250	18,300	2.741	2.741	3.105	21,250	21,300	3.546	3.191	3.945
15,300	15,350	2.299	2.299	2.299	18,300	18,350	2.749	2.749	3.119	21,300	21,350	3.560	3.199	3.959
15,350	15,400	2.306	2.306	2.306	18,350	18,400	2.756	2.756	3.133	21,350	21,400	3.574	3.206	3.973
15,400	15,450	2.314	2.314	2.314	18,400	18,450	2.764	2.764	3.147	21,400	21,450	3.588	3.214	3.987
15,450	15,500	2.321	2.321	2.321	18,450	18,500	2.771	2.771	3.161	21,450	21,500	3.602	3.221	4.001
15,500	15,550	2.329	2.329	2.335	18,500	18,550	2.779	2.779	3.175	21,500	21,550	3.616	3.229	4.015
15,550	15,600	2.336	2.336	2.349	18,550	18,600	2.790	2.786	3.189	21,550	21,600	3.630	3.236	4.029
15,600	15,650	2.344	2.344	2.363	18,600	18,650	2.804	2.794	3.203	21,600	21,650	3.644	3.244	4.043
15,650	15,700	2.351	2.351	2.377	18,650	18,700	2.818	2.801	3.217	21,650	21,700	3.658	3.251	4.057
15,700	15,750	2.359	2.359	2.391	18,700	18,750	2.832	2.809	3.231	21,700	21,750	3.672	3.259	4.071
15,750	15,800	2.366	2.366	2.405	18,750	18,800	2.846	2.816	3.245	21,750	21,800	3.686	3.266	4.085
15,800	15,850	2.374	2.374	2.419	18,800	18,850	2.860	2.824	3.259	21,800	21,850	3.700	3.274	4.099
15,850	15,900	2.381	2.381	2.433	18,850	18,900	2.874	2.831	3.273	21,850	21,900	3.714	3.281	4.113
15,900	15,950	2.389	2.389	2.447	18,900	18,950	2.888	2.839	3.287	21,900	21,950	3.728	3.289	4.127
15,950	16,000	2.396	2.396	2.461	18,950	19,000	2.902	2.846	3.301	21,950	22,000	3.742	3.296	4.141
16,000					19,000					22,000				
16,000	16,050	2.404	2.404	2.475	19,000	19,050	2.916	2.854	3.315	22,000	22,050	3.756	3.304	4.155
16,050	16,100	2.411	2.411	2.489	19,050	19,100	2.930	2.861	3.329	22,050	22,100	3.770	3.311	4.169
16,100	16,150	2.419	2.419	2.503	19,100	19,150	2.944	2.869	3.343	22,100	22,150	3.784	3.319	4.183
16,150	16,200	2.426	2.426	2.517	19,150	19,200	2.958	2.876	3.357	22,150	22,200	3.798	3.326	4.197
16,200	16,250	2.434	2.434	2.531	19,200	19,250	2.972	2.884	3.371	22,200	22,250	3.812	3.334	4.211
16,250	16,300	2.441	2.441	2.545	19,250	19,300	2.986	2.891	3.385	22,250	22,300	3.826	3.341	4.225
16,300	16,350	2.449	2.449	2.559	19,300	19,350	3.000	2.899	3.399	22,300	22,350	3.840	3.349	4.239
16,350	16,400	2.456	2.456	2.573	19,350	19,400	3.014	2.906	3.413	22,350	22,400	3.854	3.356	4.253
16,400	16,450	2.464	2.464	2.587	19,400	19,450	3.028	2.914	3.427	22,400	22,450	3.868	3.364	4.267
16,450	16,500	2.471	2.471	2.601	19,450	19,500	3.042	2.921	3.441	22,450	22,500	3.882	3.371	4.281
16,500	16,550	2.479	2.479	2.615	19,500	19,550	3.056	2.929	3.455	22,500	22,550	3.896	3.379	4.295
16,550	16,600	2.486	2.486	2.629	19,550	19,600	3.070	2.936	3.469	22,550	22,600	3.910	3.386	4.309
16,600	16,650	2.494	2.494	2.643	19,600	19,650	3.084	2.944	3.483	22,600	22,650	3.924	3.394	4.323
16,650	16,700	2.501	2.501	2.657	19,650	19,700	3.098	2.951	3.497	22,650	22,700	3.938	3.401	4.337
16,700	16,750	2.509	2.509	2.671	19,700	19,750	3.112	2.959	3.511	22,700	22,750	3.952	3.409	4.351
16,750	16,800	2.516	2.516	2.685	19,750	19,800	3.126	2.966	3.525	22,750	22,800	3.966	3.416	4.365
16,800	16,850	2.524	2.524	2.699	19,800	19,850	3.140	2.974	3.539	22,800	22,850	3.980	3.424	4.379
16,850	16,900	2.531	2.531	2.713	19,850	19,900	3.154	2.981	3.553	22,850	22,900	3.994	3.431	4.393
16,900	16,950	2.539	2.539	2.727	19,900	19,950	3.168	2.989	3.567	22,900	22,950	4.008	3.439	4.407
16,950	17,000	2.546	2.546	2.741	19,950	20,000	3.182	2.996	3.581	22,950	23,000	4.022	3.446	4.421

Continued on next page

102

1989 Tax Table—Continued

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) 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—		
23,000					26,000					29,000				
23,000	23,050	4,036	3,454	4,435	26,000	26,050	4,876	3,904	5,275	29,000	29,050	5,716	4,354	6,115
23,050	23,100	4,050	3,461	4,449	26,050	26,100	4,890	3,911	5,289	29,050	29,100	5,730	4,361	6,129
23,100	23,150	4,064	3,469	4,463	26,100	26,150	4,904	3,919	5,303	29,100	29,150	5,744	4,369	6,143
23,150	23,200	4,078	3,476	4,477	26,150	26,200	4,918	3,926	5,317	29,150	29,200	5,758	4,376	6,157
23,200	23,250	4,092	3,484	4,491	26,200	26,250	4,932	3,934	5,331	29,200	29,250	5,772	4,384	6,171
23,250	23,300	4,106	3,491	4,505	26,250	26,300	4,946	3,941	5,345	29,250	29,300	5,786	4,391	6,185
23,300	23,350	4,120	3,499	4,519	26,300	26,350	4,960	3,949	5,359	29,300	29,350	5,800	4,399	6,199
23,350	23,400	4,134	3,506	4,533	26,350	26,400	4,974	3,956	5,373	29,350	29,400	5,814	4,406	6,213
23,400	23,450	4,148	3,514	4,547	26,400	26,450	4,988	3,964	5,387	29,400	29,450	5,828	4,414	6,227
23,450	23,500	4,162	3,521	4,561	26,450	26,500	5,002	3,971	5,401	29,450	29,500	5,842	4,421	6,241
23,500	23,550	4,176	3,529	4,575	26,500	26,550	5,016	3,979	5,415	29,500	29,550	5,856	4,429	6,255
23,550	23,600	4,190	3,536	4,589	26,550	26,600	5,030	3,986	5,429	29,550	29,600	5,870	4,436	6,269
23,600	23,650	4,204	3,544	4,603	26,600	26,650	5,044	3,994	5,443	29,600	29,650	5,884	4,444	6,283
23,650	23,700	4,218	3,551	4,617	26,650	26,700	5,058	4,001	5,457	29,650	29,700	5,898	4,451	6,297
23,700	23,750	4,232	3,559	4,631	26,700	26,750	5,072	4,009	5,471	29,700	29,750	5,912	4,459	6,311
23,750	23,800	4,246	3,566	4,645	26,750	26,800	5,086	4,016	5,485	29,750	29,800	5,926	4,466	6,325
23,800	23,850	4,260	3,574	4,659	26,800	26,850	5,100	4,024	5,499	29,800	29,850	5,940	4,474	6,339
23,850	23,900	4,274	3,581	4,673	26,850	26,900	5,114	4,031	5,513	29,850	29,900	5,954	4,481	6,353
23,900	23,950	4,288	3,589	4,687	26,900	26,950	5,128	4,039	5,527	29,900	29,950	5,968	4,489	6,367
23,950	24,000	4,302	3,596	4,701	26,950	27,000	5,142	4,046	5,541	29,950	30,000	5,982	4,496	6,381
24,000					27,000					30,000				
24,000	24,050	4,316	3,604	4,715	27,000	27,050	5,156	4,054	5,555	30,000	30,050	5,996	4,504	6,395
24,050	24,100	4,330	3,611	4,729	27,050	27,100	5,170	4,061	5,569	30,050	30,100	6,010	4,511	6,409
24,100	24,150	4,344	3,619	4,743	27,100	27,150	5,184	4,069	5,583	30,100	30,150	6,024	4,519	6,423
24,150	24,200	4,358	3,626	4,757	27,150	27,200	5,198	4,076	5,597	30,150	30,200	6,038	4,526	6,437
24,200	24,250	4,372	3,634	4,771	27,200	27,250	5,212	4,084	5,611	30,200	30,250	6,052	4,534	6,451
24,250	24,300	4,386	3,641	4,785	27,250	27,300	5,226	4,091	5,625	30,250	30,300	6,066	4,541	6,465
24,300	24,350	4,400	3,649	4,799	27,300	27,350	5,240	4,099	5,639	30,300	30,350	6,080	4,549	6,479
24,350	24,400	4,414	3,656	4,813	27,350	27,400	5,254	4,106	5,653	30,350	30,400	6,094	4,556	6,493
24,400	24,450	4,428	3,664	4,827	27,400	27,450	5,268	4,114	5,667	30,400	30,450	6,108	4,564	6,507
24,450	24,500	4,442	3,671	4,841	27,450	27,500	5,282	4,121	5,681	30,450	30,500	6,122	4,571	6,521
24,500	24,550	4,456	3,679	4,855	27,500	27,550	5,296	4,129	5,695	30,500	30,550	6,136	4,579	6,535
24,550	24,600	4,470	3,686	4,869	27,550	27,600	5,310	4,136	5,709	30,550	30,600	6,150	4,586	6,549
24,600	24,650	4,484	3,694	4,883	27,600	27,650	5,324	4,144	5,723	30,600	30,650	6,164	4,594	6,563
24,650	24,700	4,498	3,701	4,897	27,650	27,700	5,338	4,151	5,737	30,650	30,700	6,178	4,601	6,577
24,700	24,750	4,512	3,709	4,911	27,700	27,750	5,352	4,159	5,751	30,700	30,750	6,192	4,609	6,591
24,750	24,800	4,526	3,716	4,925	27,750	27,800	5,366	4,166	5,765	30,750	30,800	6,206	4,616	6,605
24,800	24,850	4,540	3,724	4,939	27,800	27,850	5,380	4,174	5,779	30,800	30,850	6,220	4,624	6,619
24,850	24,900	4,554	3,731	4,953	27,850	27,900	5,394	4,181	5,793	30,850	30,900	6,234	4,631	6,633
24,900	24,950	4,568	3,739	4,967	27,900	27,950	5,408	4,189	5,807	30,900	30,950	6,248	4,639	6,647
24,950	25,000	4,582	3,746	4,981	27,950	28,000	5,422	4,196	5,821	30,950	31,000	6,262	4,650	6,661
25,000					28,000					31,000				
25,000	25,050	4,596	3,754	4,995	28,000	28,050	5,436	4,204	5,835	31,000	31,050	6,276	4,664	6,675
25,050	25,100	4,610	3,761	5,009	28,050	28,100	5,450	4,211	5,849	31,050	31,100	6,290	4,678	6,689
25,100	25,150	4,624	3,769	5,023	28,100	28,150	5,464	4,219	5,863	31,100	31,150	6,304	4,692	6,703
25,150	25,200	4,638	3,776	5,037	28,150	28,200	5,478	4,226	5,877	31,150	31,200	6,318	4,706	6,717
25,200	25,250	4,652	3,784	5,051	28,200	28,250	5,492	4,234	5,891	31,200	31,250	6,332	4,720	6,731
25,250	25,300	4,666	3,791	5,065	28,250	28,300	5,506	4,241	5,905	31,250	31,300	6,346	4,734	6,745
25,300	25,350	4,680	3,799	5,079	28,300	28,350	5,520	4,249	5,919	31,300	31,350	6,360	4,748	6,759
25,350	25,400	4,694	3,806	5,093	28,350	28,400	5,534	4,256	5,933	31,350	31,400	6,374	4,762	6,773
25,400	25,450	4,708	3,814	5,107	28,400	28,450	5,548	4,264	5,947	31,400	31,450	6,388	4,776	6,787
25,450	25,500	4,722	3,821	5,121	28,450	28,500	5,562	4,271	5,961	31,450	31,500	6,402	4,790	6,801
25,500	25,550	4,736	3,829	5,135	28,500	28,550	5,576	4,279	5,975	31,500	31,550	6,416	4,804	6,815
25,550	25,600	4,750	3,836	5,149	28,550	28,600	5,590	4,286	5,989	31,550	31,600	6,430	4,818	6,829
25,600	25,650	4,764	3,844	5,163	28,600	28,650	5,604	4,294	6,003	31,600	31,650	6,444	4,832	6,843
25,650	25,700	4,778	3,851	5,177	28,650	28,700	5,618	4,301	6,017	31,650	31,700	6,458	4,846	6,857
25,700	25,750	4,792	3,859	5,191	28,700	28,750	5,632	4,309	6,031	31,700	31,750	6,472	4,860	6,871
25,750	25,800	4,806	3,866	5,205	28,750	28,800	5,646	4,316	6,045	31,750	31,800	6,486	4,874	6,885
25,800	25,850	4,820	3,874	5,219	28,800	28,850	5,660	4,324	6,059	31,800	31,850	6,500	4,888	6,899
25,850	25,900	4,834	3,881	5,233	28,850	28,900	5,674	4,331	6,073	31,850	31,900	6,514	4,902	6,913
25,900	25,950	4,848	3,889	5,247	28,900	28,950	5,688	4,339	6,087	31,900	31,950	6,528	4,916	6,927
25,950	26,000	4,862	3,896	5,261	28,950	29,000	5,702	4,346	6,101	31,950	32,000	6,542	4,930	6,941

Continued on next page

103

1989 Tax Table—Continued

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) 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—																																				
32,000					35,000					38,000																																					
32,000 32,050	6,556	4,944	6,955	35,000 35,050	7,396	5,784	7,795	38,000 38,050	8,236	6,624	8,665	32,050 32,100	6,570	4,958	6,969	35,050 35,100	7,410	5,798	7,809	38,050 38,100	8,250	6,638	8,682	32,100 32,150	6,584	4,972	6,983	35,100 35,150	7,424	5,812	7,823	38,100 38,150	8,264	6,652	8,698	32,150 32,200	6,598	4,986	6,997	35,150 35,200	7,438	5,826	7,837	38,150 38,200	8,278	6,666	8,715
32,200 32,250	6,612	5,000	7,011	35,200 35,250	7,452	5,840	7,851	38,200 38,250	8,292	6,680	8,731	32,250 32,300	6,626	5,014	7,025	35,250 35,300	7,466	5,854	7,865	38,250 38,300	8,306	6,694	8,748	32,300 32,350	6,640	5,028	7,039	35,300 35,350	7,480	5,868	7,879	38,300 38,350	8,320	6,708	8,764	32,350 32,400	6,654	5,042	7,053	35,350 35,400	7,494	5,882	7,893	38,350 38,400	8,334	6,722	8,781
32,400 32,450	6,668	5,056	7,067	35,400 35,450	7,508	5,896	7,907	38,400 38,450	8,348	6,736	8,797	32,450 32,500	6,682	5,070	7,081	35,450 35,500	7,522	5,910	7,921	38,450 38,500	8,362	6,750	8,814	32,500 32,550	6,696	5,084	7,095	35,500 35,550	7,536	5,924	7,935	38,500 38,550	8,376	6,764	8,830	32,550 32,600	6,710	5,098	7,109	35,550 35,600	7,550	5,938	7,949	38,550 38,600	8,390	6,778	8,847
32,600 32,650	6,724	5,112	7,123	35,600 35,650	7,564	5,952	7,963	38,600 38,650	8,404	6,792	8,863	32,650 32,700	6,738	5,126	7,137	35,650 35,700	7,578	5,966	7,977	38,650 38,700	8,418	6,806	8,880	32,700 32,750	6,752	5,140	7,151	35,700 35,750	7,592	5,980	7,991	38,700 38,750	8,432	6,820	8,896	32,750 32,800	6,766	5,154	7,165	35,750 35,800	7,606	5,994	8,005	38,750 38,800	8,446	6,834	8,913
32,800 32,850	6,780	5,168	7,179	35,800 35,850	7,620	6,008	8,019	38,800 38,850	8,460	6,848	8,929	32,850 32,900	6,794	5,182	7,193	35,850 35,900	7,634	6,022	8,033	38,850 38,900	8,474	6,862	8,946	32,900 32,950	6,808	5,196	7,207	35,900 35,950	7,648	6,036	8,047	38,900 38,950	8,488	6,876	8,962	32,950 33,000	6,822	5,210	7,221	35,950 36,000	7,662	6,050	8,061	38,950 39,000	8,502	6,890	8,979
33,000					36,000					39,000																																					
33,000 33,050	6,836	5,224	7,235	36,000 36,050	7,676	6,064	8,075	39,000 39,050	8,516	6,904	8,995	33,050 33,100	6,850	5,238	7,249	36,050 36,100	7,690	6,078	8,089	39,050 39,100	8,530	6,918	9,012	33,100 33,150	6,864	5,252	7,263	36,100 36,150	7,704	6,092	8,103	39,100 39,150	8,544	6,932	9,028	33,150 33,200	6,878	5,266	7,277	36,150 36,200	7,718	6,106	8,117	39,150 39,200	8,558	6,946	9,045
33,200 33,250	6,892	5,280	7,291	36,200 36,250	7,732	6,120	8,131	39,200 39,250	8,572	6,960	9,061	33,250 33,300	6,906	5,294	7,305	36,250 36,300	7,746	6,134	8,145	39,250 39,300	8,586	6,974	9,078	33,300 33,350	6,920	5,308	7,319	36,300 36,350	7,760	6,148	8,159	39,300 39,350	8,600	6,988	9,094	33,350 33,400	6,934	5,322	7,333	36,350 36,400	7,774	6,162	8,173	39,350 39,400	8,614	7,002	9,111
33,400 33,450	6,948	5,336	7,347	36,400 36,450	7,788	6,176	8,187	39,400 39,450	8,628	7,016	9,127	33,450 33,500	6,962	5,350	7,361	36,450 36,500	7,802	6,190	8,201	39,450 39,500	8,642	7,030	9,144	33,500 33,550	6,976	5,364	7,375	36,500 36,550	7,816	6,204	8,215	39,500 39,550	8,656	7,044	9,160	33,550 33,600	6,990	5,378	7,389	36,550 36,600	7,830	6,218	8,229	39,550 39,600	8,670	7,058	9,177
33,600 33,650	7,004	5,392	7,403	36,600 36,650	7,844	6,232	8,243	39,600 39,650	8,684	7,072	9,193	33,650 33,700	7,018	5,406	7,417	36,650 36,700	7,858	6,246	8,257	39,650 39,700	8,698	7,086	9,210	33,700 33,750	7,032	5,420	7,431	36,700 36,750	7,872	6,260	8,271	39,700 39,750	8,712	7,100	9,226	33,750 33,800	7,046	5,434	7,445	36,750 36,800	7,886	6,274	8,285	39,750 39,800	8,726	7,114	9,243
33,800 33,850	7,060	5,448	7,459	36,800 36,850	7,900	6,288	8,299	39,800 39,850	8,740	7,128	9,259	33,850 33,900	7,074	5,462	7,473	36,850 36,900	7,914	6,302	8,313	39,850 39,900	8,754	7,142	9,275	33,900 33,950	7,088	5,476	7,487	36,900 36,950	7,928	6,316	8,327	39,900 39,950	8,768	7,156	9,291	33,950 34,000	7,102	5,490	7,501	36,950 37,000	7,942	6,330	8,341	39,950 40,000	8,782	7,170	9,309
34,000					37,000					40,000																																					
34,000 34,050	7,116	5,504	7,515	37,000 37,050	7,956	6,344	8,355	40,000 40,050	8,796	7,184	9,325	34,050 34,100	7,130	5,518	7,529	37,050 37,100	7,970	6,358	8,369	40,050 40,100	8,810	7,198	9,342	34,100 34,150	7,144	5,532	7,543	37,100 37,150	7,984	6,372	8,383	40,100 40,150	8,824	7,212	9,358	34,150 34,200	7,158	5,546	7,557	37,150 37,200	7,998	6,386	8,397	40,150 40,200	8,838	7,226	9,375
34,200 34,250	7,172	5,560	7,571	37,200 37,250	8,012	6,400	8,411	40,200 40,250	8,852	7,240	9,391	34,250 34,300	7,186	5,574	7,585	37,250 37,300	8,026	6,414	8,425	40,250 40,300	8,866	7,254	9,408	34,300 34,350	7,200	5,588	7,599	37,300 37,350	8,040	6,428	8,439	40,300 40,350	8,880	7,268	9,424	34,350 34,400	7,214	5,602	7,613	37,350 37,400	8,054	6,442	8,453	40,350 40,400	8,894	7,282	9,441
34,400 34,450	7,228	5,616	7,627	37,400 37,450	8,068	6,456	8,467	40,400 40,450	8,908	7,296	9,457	34,450 34,500	7,242	5,630	7,641	37,450 37,500	8,082	6,470	8,484	40,450 40,500	8,922	7,310	9,474	34,500 34,550	7,256	5,644	7,655	37,500 37,550	8,096	6,484	8,500	40,500 40,550	8,936	7,324	9,490	34,550 34,600	7,270	5,658	7,669	37,550 37,600	8,110	6,498	8,517	40,550 40,600	8,950	7,338	9,507
34,600 34,650	7,284	5,672	7,683	37,600 37,650	8,124	6,512	8,533	40,600 40,650	8,964	7,352	9,523	34,650 34,700	7,298	5,686	7,697	37,650 37,700	8,138	6,526	8,550	40,650 40,700	8,978	7,366	9,540	34,700 34,750	7,312	5,700	7,711	37,700 37,750	8,152	6,540	8,566	40,700 40,750	8,992	7,380	9,556	34,750 34,800	7,326	5,714	7,725	37,750 37,800	8,166	6,554	8,583	40,750 40,800	9,006	7,394	9,573
34,800 34,850	7,340	5,728	7,739	37,800 37,850	8,180	6,568	8,599	40,800 40,850	9,020	7,408	9,589	34,850 34,900	7,354	5,742	7,753	37,850 37,900	8,194	6,582	8,616	40,850 40,900	9,034	7,422	9,606	34,900 34,950	7,368	5,756	7,767	37,900 37,950	8,208	6,596	8,632	40,900 40,950	9,048	7,436	9,622	34,950 35,000	7,382	5,770	7,781	37,950 38,000	8,222	6,610	8,649	40,950 41,000	9,062	7,450	9,639

Continued on next page

104

1989 Tax Table—Continued

If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—			If line 35 (taxable income) is—		And you are—		
		Single	Qualifying widow(er)	Married filing separately			Single	Qualifying widow(er)	Married filing separately			Single	Qualifying widow(er)	Married filing separately
At least	But less than	Your tax is—			At least	But less than	Your tax is—			At least	But less than	Your tax is—		
41,000					44,000					47,000				
41,000	41,050	9.076	7.464	9.655	44,000	44,050	9.916	8.304	10.645	47,000	47,050	10.862	9.144	11.635
41,050	41,100	9.090	7.478	9.672	44,050	44,100	9.930	8.318	10.662	47,050	47,100	10.878	9.158	11.652
41,100	41,150	9.104	7.492	9.688	44,100	44,150	9.944	8.332	10.678	47,100	47,150	10.895	9.172	11.668
41,150	41,200	9.118	7.506	9.705	44,150	44,200	9.958	8.346	10.695	47,150	47,200	10.911	9.186	11.685
41,200	41,250	9.132	7.520	9.721	44,200	44,250	9.972	8.360	10.711	47,200	47,250	10.928	9.200	11.701
41,250	41,300	9.146	7.534	9.738	44,250	44,300	9.986	8.374	10.728	47,250	47,300	10.944	9.214	11.718
41,300	41,350	9.160	7.548	9.754	44,300	44,350	10.000	8.388	10.744	47,300	47,350	10.961	9.228	11.734
41,350	41,400	9.174	7.562	9.771	44,350	44,400	10.014	8.402	10.761	47,350	47,400	10.977	9.242	11.751
41,400	41,450	9.188	7.576	9.787	44,400	44,450	10.028	8.416	10.777	47,400	47,450	10.994	9.256	11.767
41,450	41,500	9.202	7.590	9.804	44,450	44,500	10.042	8.430	10.794	47,450	47,500	11.010	9.270	11.784
41,500	41,550	9.216	7.604	9.820	44,500	44,550	10.056	8.444	10.810	47,500	47,550	11.027	9.284	11.800
41,550	41,600	9.230	7.618	9.837	44,550	44,600	10.070	8.458	10.827	47,550	47,600	11.043	9.298	11.817
41,600	41,650	9.244	7.632	9.853	44,600	44,650	10.084	8.472	10.843	47,600	47,650	11.060	9.312	11.833
41,650	41,700	9.258	7.646	9.870	44,650	44,700	10.098	8.486	10.860	47,650	47,700	11.076	9.326	11.850
41,700	41,750	9.272	7.660	9.886	44,700	44,750	10.112	8.500	10.876	47,700	47,750	11.093	9.340	11.866
41,750	41,800	9.286	7.674	9.903	44,750	44,800	10.126	8.514	10.893	47,750	47,800	11.109	9.354	11.883
41,800	41,850	9.300	7.688	9.919	44,800	44,850	10.140	8.528	10.909	47,800	47,850	11.126	9.368	11.899
41,850	41,900	9.314	7.702	9.936	44,850	44,900	10.154	8.542	10.926	47,850	47,900	11.142	9.382	11.916
41,900	41,950	9.328	7.716	9.952	44,900	44,950	10.169	8.556	10.942	47,900	47,950	11.159	9.396	11.932
41,950	42,000	9.342	7.730	9.969	44,950	45,000	10.185	8.570	10.959	47,950	48,000	11.175	9.410	11.949
42,000					45,000					48,000				
42,000	42,050	9.356	7.744	9.985	45,000	45,050	10.202	8.584	10.975	48,000	48,050	11.192	9.424	11.965
42,050	42,100	9.370	7.758	10.002	45,050	45,100	10.218	8.598	10.992	48,050	48,100	11.208	9.438	11.982
42,100	42,150	9.384	7.772	10.018	45,100	45,150	10.235	8.612	11.008	48,100	48,150	11.225	9.452	11.998
42,150	42,200	9.398	7.786	10.035	45,150	45,200	10.251	8.626	11.025	48,150	48,200	11.241	9.466	12.015
42,200	42,250	9.412	7.800	10.051	45,200	45,250	10.268	8.640	11.041	48,200	48,250	11.258	9.480	12.031
42,250	42,300	9.426	7.814	10.068	45,250	45,300	10.284	8.654	11.058	48,250	48,300	11.274	9.494	12.048
42,300	42,350	9.440	7.828	10.084	45,300	45,350	10.301	8.668	11.074	48,300	48,350	11.291	9.508	12.064
42,350	42,400	9.454	7.842	10.101	45,350	45,400	10.317	8.682	11.091	48,350	48,400	11.307	9.522	12.081
42,400	42,450	9.468	7.856	10.117	45,400	45,450	10.334	8.696	11.107	48,400	48,450	11.324	9.536	12.097
42,450	42,500	9.482	7.870	10.134	45,450	45,500	10.350	8.710	11.124	48,450	48,500	11.340	9.550	12.114
42,500	42,550	9.496	7.884	10.150	45,500	45,550	10.367	8.724	11.140	48,500	48,550	11.357	9.564	12.130
42,550	42,600	9.510	7.898	10.167	45,550	45,600	10.383	8.738	11.157	48,550	48,600	11.373	9.578	12.147
42,600	42,650	9.524	7.912	10.183	45,600	45,650	10.400	8.752	11.173	48,600	48,650	11.390	9.592	12.163
42,650	42,700	9.538	7.926	10.200	45,650	45,700	10.416	8.766	11.190	48,650	48,700	11.406	9.606	12.180
42,700	42,750	9.552	7.940	10.216	45,700	45,750	10.433	8.780	11.206	48,700	48,750	11.423	9.620	12.196
42,750	42,800	9.566	7.954	10.233	45,750	45,800	10.449	8.794	11.223	48,750	48,800	11.439	9.634	12.213
42,800	42,850	9.580	7.968	10.249	45,800	45,850	10.466	8.808	11.239	48,800	48,850	11.456	9.648	12.229
42,850	42,900	9.594	7.982	10.266	45,850	45,900	10.482	8.822	11.256	48,850	48,900	11.472	9.662	12.246
42,900	42,950	9.608	7.996	10.282	45,900	45,950	10.499	8.836	11.272	48,900	48,950	11.489	9.676	12.262
42,950	43,000	9.622	8.010	10.299	45,950	46,000	10.515	8.850	11.289	48,950	49,000	11.505	9.690	12.279
43,000					46,000					49,000				
43,000	43,050	9.636	8.024	10.315	46,000	46,050	10.532	8.864	11.305	49,000	49,050	11.522	9.704	12.295
43,050	43,100	9.650	8.038	10.332	46,050	46,100	10.548	8.878	11.322	49,050	49,100	11.538	9.718	12.312
43,100	43,150	9.664	8.052	10.348	46,100	46,150	10.565	8.892	11.338	49,100	49,150	11.555	9.732	12.328
43,150	43,200	9.678	8.066	10.365	46,150	46,200	10.581	8.906	11.355	49,150	49,200	11.571	9.746	12.345
43,200	43,250	9.692	8.080	10.381	46,200	46,250	10.598	8.920	11.371	49,200	49,250	11.588	9.760	12.361
43,250	43,300	9.706	8.094	10.398	46,250	46,300	10.614	8.934	11.388	49,250	49,300	11.604	9.774	12.378
43,300	43,350	9.720	8.108	10.414	46,300	46,350	10.631	8.948	11.404	49,300	49,350	11.621	9.788	12.394
43,350	43,400	9.734	8.122	10.431	46,350	46,400	10.647	8.962	11.421	49,350	49,400	11.637	9.802	12.411
43,400	43,450	9.748	8.136	10.447	46,400	46,450	10.664	8.976	11.437	49,400	49,450	11.654	9.816	12.427
43,450	43,500	9.762	8.150	10.464	46,450	46,500	10.680	8.990	11.454	49,450	49,500	11.670	9.830	12.444
43,500	43,550	9.776	8.164	10.480	46,500	46,550	10.697	9.004	11.470	49,500	49,550	11.687	9.844	12.460
43,550	43,600	9.790	8.178	10.497	46,550	46,600	10.713	9.018	11.487	49,550	49,600	11.703	9.858	12.477
43,600	43,650	9.804	8.192	10.513	46,600	46,650	10.730	9.032	11.503	49,600	49,650	11.720	9.872	12.493
43,650	43,700	9.818	8.206	10.530	46,650	46,700	10.746	9.046	11.520	49,650	49,700	11.736	9.886	12.510
43,700	43,750	9.832	8.220	10.546	46,700	46,750	10.763	9.060	11.536	49,700	49,750	11.753	9.900	12.526
43,750	43,800	9.846	8.234	10.563	46,750	46,800	10.779	9.074	11.553	49,750	49,800	11.769	9.914	12.543
43,800	43,850	9.860	8.248	10.579	46,800	46,850	10.796	9.088	11.569	49,800	49,850	11.786	9.928	12.559
43,850	43,900	9.874	8.262	10.596	46,850	46,900	10.812	9.102	11.586	49,850	49,900	11.802	9.942	12.576
43,900	43,950	9.888	8.276	10.612	46,900	46,950	10.829	9.116	11.602	49,900	49,950	11.819	9.956	12.592
43,950	44,000	9.902	8.290	10.629	46,950	47,000	10.845	9.130	11.619	49,950	50,000	11.835	9.970	12.609

50,000 or over—use tax rate schedules

105

1989 Tax Rate Schedules

If you cannot use the Tax Table because your taxable income is \$50,000 or more, or if you are filing for an estate or trust, figure your tax on the amount on Form 1040NR, line 35, by using the appropriate Tax Rate Schedule on this page. Enter the tax on Form 1040NR, line 36.

Schedule W

Estates or Trusts

Use this schedule for a nonresident alien estate or trust—

Over—	but not over—	Enter on Form 1040NR, line 36:	of the amount over—
\$0	\$5,200	15%	\$0
5,200	13,500	\$780 + 28%	5,200
13,500	27,020	3,104 + 33%	13,500
27,020	.....	28%	0

Schedule X

Single Taxpayers

Use this schedule if you checked Filing Status Box 1 or 2 on Form 1040NR—

Over—	but not over—	Enter on Form 1040NR, line 36:	of the amount over—
\$0	\$18,550	15%	\$0
18,550	44,900	\$2,782.50 + 28%	18,550
44,900	93,130	10,160.50 + 33%	44,900
93,130	.....	Use Worksheet below to figure your tax.	

Schedule Y

Married Filing Separate Returns

Use this schedule if you checked Filing Status Box 3, 4, or 5 on Form 1040NR—

Over—	but not over—	Enter on Form 1040NR, line 36:	of the amount over—
\$0	\$15,475	15%	\$0
15,475	37,425	\$2,321.25 + 28%	15,475
37,425	117,895	8,467.25 + 33%	37,425
117,895	.....	Use Worksheet below to figure your tax.	

Schedule Z

Qualifying Widows and Widowers

Use this schedule if you checked Filing Status Box 6 on Form 1040NR—

Over—	but not over—	Enter on Form 1040NR, line 36:	of the amount over—
\$0	\$30,950	15%	\$0
30,950	74,850	\$4,642.50 + 28%	30,950
74,850	155,320	16,934.50 + 33%	74,850
155,320	.....	Use Worksheet below to figure your tax.	

Worksheet (Keep for your records)

1.	If your filing status is:	Single, enter \$26,076.40 Qualifying widow(er), enter \$43,489.60 Married filing separately, enter \$35,022.35	..... 1. _____
2.	Enter your taxable income from Form 1040NR, line 35		..... 2. _____
3.	If your filing status is:	Single, enter \$93,130 Qualifying widow(er), enter \$155,320 Married filing separately, enter \$117,895	..... 3. _____
4.	Subtract line 3 from line 2. Enter the result. (If the result is zero or less, use the schedule above for your filing status to figure your tax. DO NOT use this worksheet.)		..... 4. _____
5.	Multiply the amount on line 4 by 28% (.28). Enter the result		..... 5. _____
6.	Multiply the amount on line 4 by 5% (.05). Enter the result		..... 6. _____
7.	Multiply \$560 by the number of exemptions claimed on Form 1040NR, line 7e. (If married filing separately, see the Note below.) Enter the result		..... 7. _____
8.	Compare the amounts on lines 6 and 7. Enter the smaller of the two amounts here		..... 8. _____
9.	Tax. Add lines 1, 5, and 8. Enter the total here and on Form 1040NR, line 36		..... 9. _____

Note: If married filing separately and you did not claim an exemption for your spouse, multiply \$560 by the number of exemptions claimed on Form 1040NR, line 7e. Add \$560 to the result and enter the total on line 7 above.

106

Index to Instructions

A		F		R	
Address change	14	Farm income or (loss)	7	Railroad retirement benefits (Tier 1)	13
Adjusted gross income	8	Filing requirements:		Real property income choice	4
Adjustments to income	8	Extension of time to file	2	Records—how long to keep	14
Aliens	1 and 2	When to file	2	Refunds or amount you owe	11
Alternative minimum tax	9	Where to file	2	Refunds, state and local income taxes	6
Amount you owe (or refund)	11	Who must file	1	Reminders	13 and 14
Annuities	7 and 13	Foreign tax credit	9	Rent income	7 and 13
B		G		Requesting a copy of your tax return	14
Business expenses of employees	1 and 12	Gains and (losses), capital	6 and 13	Resident aliens	1
Business income or (loss)	6	General business credit	9	Retirement plan deduction, Keogh	8
Business use of your home	12	Gifts to reduce the public debt	14	Rounding off to whole dollars	5
C		H		Royalties	7 and 13
Capital assets, sales or exchanges	6 and 13	Health insurance deduction—self-employed	8	S	
Capital gain or (loss)	6	I		Salaries and wages	5 and 13
Casualty and theft losses	12	Identifying number	4	Sales or exchanges, capital assets	6 and 13
Charity—gifts to	11	Income—to be reported	5, 6, 7, and 13	Scholarships and fellowships	6 and 8
Child and dependent care credit	9	Income tax withholding	4, 10, 11, and 13	Social security benefits	13
Children of divorced or separated parents—exemption for	5	Individual retirement arrangement (IRAs):		State and local income taxes	11
Community income	3	Deduction	8	T	
Credits against tax	3 and 9	Distributions	7	Taxes:	
Credit for amount paid with Form 1040C	11	Interest income	6	Additional	8
D		Interest—late payment of tax	14	Income effectively connected	8
Dependents—exemptions	4 and 5	Interest—penalty on early withdrawal of savings	8	Income not effectively connected	13
Disposition of a U.S. real property interest	3	Itemized deductions	11 and 12	Other:	
Dividend income	6	K		Advance earned income credit	10
Divorced or separated parents—children of	5	Keogh retirement plan deduction	8	Alternative minimum	9
Dual-status tax year	2 and 3	Kinds of income	3	Golden parachute payments	10
E		L		Recapture of investment credit	9
Earned income credit	10	Line-by-line instructions	4	Recapture of low-income housing credit	9
Educational expenses	12	M		Section 72(m)(5) excess benefits	10
Effectively connected income	4, 5, 6, 7, and 8	Married persons who live apart	4	Social security tax on tips	9 and 10
Election to be taxed as a resident alien	2	Miscellaneous itemized deductions	12	Tax on IRAs and retirement plans	9
Employee business expenses	1 and 12	Mortgage interest credit	9	Uncollected employee social security and RRTA tax on tips	10
Employer-provided dependent care benefits	6	Moving expenses	12	Taxpayer assistance	14
Employer-provided vehicle	6 and 8	N		Taxpayer identifying number	4
Estates and trusts	2, 4, 6, and 21	Name	4	Tax rates	2 and 13
Estimated tax for individuals	14	Name change	10	Tax rate schedules	21
Estimated tax payments	10	Nonresident aliens, defined	1	Tax shelter registration number	14
Excess Medicare tax credit	10	Nontaxable income	3 and 6	Tax table	15–20
Excess salary deferrals	6	O		Tax withholding	4, 10, 11, and 13
Excess social security and RRTA tax withheld	10	Original issue discount	6 and 13	Tip income	5 and 9
Exemptions	1, 2, 4, 5, and 8	Other income	7	Transportation tax	10
		Other taxes	9 and 10	Treaty benefits, reporting	13
		P		Trusts	2
		Payments	10	U	
		Penalties:		Underpayment of estimated tax, penalty for	11
		Early withdrawal of savings	8	Unemployment compensation	7
		For frivolous return	14	Unresolved tax problems	14
		Late filing of return	14	U.S. real property interests, dispositions of	3 and 4
		Late payment of tax	14	W	
		Other penalties	14	Wages and salaries	5 and 13
		Underpayment of estimated tax	11	When to file	2
		Pensions and annuities	7 and 13	Where to file	2
		Portfolio interest	6 and 13	Who must file	1
		Preparer—tax return	13	Widows and widowers, qualifying	5
		Problems, unresolved tax	14	Winnings—prizes, awards, gambling and lotteries	13
		Q		Withholding tax	4, 10, 11, and 13
		Qualified performing artists	8		

107



Publication 519

U.S. Tax Guide for Aliens

For use in preparing
1989 Returns

Contents

Introduction.....1

Chapter

1. Nonresident Alien or Resident Alien?.....1

2. What Income of Aliens is Taxed?.....5

3. Scholarships and Fellowship Grants.....7

4. How is Income of Aliens Taxed?.....9

5. Figuring Your Tax on Form 1040 or Form 1040NR.....12

6. Tax Year of Arrival or Departure (Dual-Status Year).....16

7. What, When, and Where to File.....21

8. Paying Tax Through Withholding or Estimated Tax.....26

 D. Tax Treaty Benefits.....30

10. Foreign Governments and International Organizations.....32

11. Departing Aliens and the Sailing or Departure Permit.....34

Appendix A—Tax Treaty Exemption Procedure for Students.....36

Appendix B—Tax Treaty Exemption Procedure for Teachers and Researchers.....40

Index46

Introduction

For tax purposes, an alien is an individual who is not a U.S. citizen. Aliens are classified as *nonresident* aliens and *resident* aliens. This publication is designed to help you determine your status and gives information you will need to file your U.S. tax return.

Resident or nonresident? Resident aliens generally are taxed on their worldwide income, the same as U.S. citizens. Nonresident aliens generally are taxed only on their income from sources within the United States. It is important, therefore, to first determine whether you are a resident alien or a nonresident alien. Chapter 1 explains the rules to determine your status.

Nonresident aliens are taxed on their U.S. source income (and on certain foreign source income that is effectively connected with a trade or business in the United States). However, special rules apply to taxing the income of nonresident aliens, depending on whether the income is from investments or from business activities such as performing personal services in the United States. Investment income is taxed at a flat rate of 30% of gross income, unless the rate is reduced by an income tax treaty. Business income is taxed on a net basis (income minus any allowable deductions) at the graduated rates that apply to U.S. citizens or residents. These rules are covered in Chapters 2 and 4 of this publication.

Students, teachers, and researchers. If you are a foreign student, trainee, teacher, research worker, or participant in the Cultural and Educational Exchange Program, there are special provisions of the law that may apply to you. See Chapters 2 and 3. Also see the appendixes at the end of this publication for procedures for claiming exemption from withholding of tax on compensation under tax treaties.

Form 1040NR. If you are a nonresident alien who must file a U.S. income tax return, use Form 1040NR, *U.S. Nonresident Alien Income Tax Return*. Step-by-step instructions for filling in Form 1040NR are in Chapter 5.

Dual status. An alien whose status changes during the tax year from nonresident alien to resident alien, or vice versa, has a dual status for that

year and is taxed on the income for the two periods under the provisions of law that apply to each period. If your alien status changed during the year, see Chapter 6 for instructions on how to figure your tax.

Other topics covered in this publication include the withholding of U.S. income tax and social security tax from amounts paid to nonresident aliens (Chapter 8) and the special provisions for employees of foreign governments and international organizations (Chapter 10).

Many nonresident aliens are eligible for the benefits provided by income tax treaties between the United States and their country of residence. These benefits are summarized in Chapter 9. For more detailed information see Publication 901, *U.S. Tax Treaties*.

If you are an alien, you may have to get a sailing or departure permit before leaving the United States. See Chapter 11.

Further information. If you need information on a subject not covered in this publication, you may check our other free publications. To order publications and forms in the United States, call our toll-free telephone number 1-800-424-FORM (3676) or write to the IRS Forms Distribution Center, P.O. Box 25866, Richmond, VA 23269.

For assistance in the United States, you should call the Internal Revenue Service office listed in the telephone directory. If you are outside the United States, write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 850 L'Enfant Plaza South, S.W., Washington, DC 20024.

1. Nonresident Alien or Resident Alien?

You should first determine whether, for income tax purposes, you are a resident alien or a nonresident alien. Following are explanations of both categories. There is also a chart on the next page that will help you determine whether you are a resident or nonresident alien.

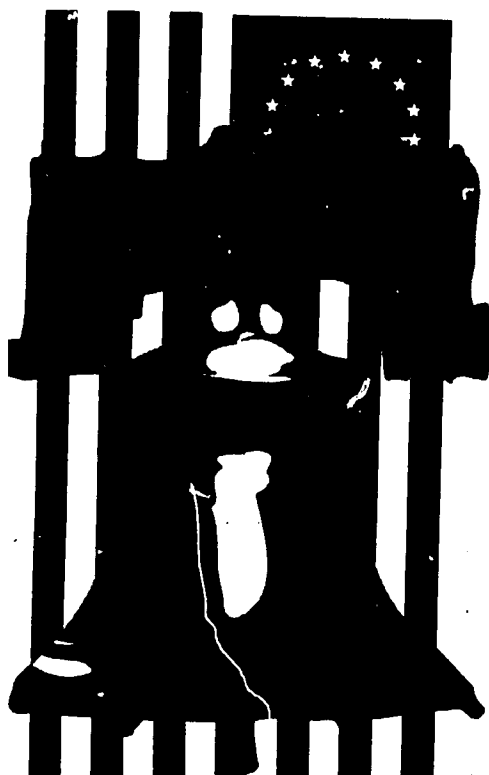
Nonresident Aliens

If you are an alien (not a U.S. citizen), you are considered a nonresident alien unless you meet one of the two tests described under *Resident Aliens*, below.

Resident Aliens

You are considered a resident alien of the United States for tax purposes if you meet either the *green card test* or the *substantial presence test* for the calendar year (January 1–December 31). You may be able to choose to be treated as a U.S. resident for part of the year even if you do not meet either of these tests. See *First-year choice under Dual Status*, later. There are two main exceptions to the substantial presence test—the “exempt individual” exception and the “closer connection to foreign country” exception. Special rules apply for the first and last years of residency (the “dual-status” tax years).

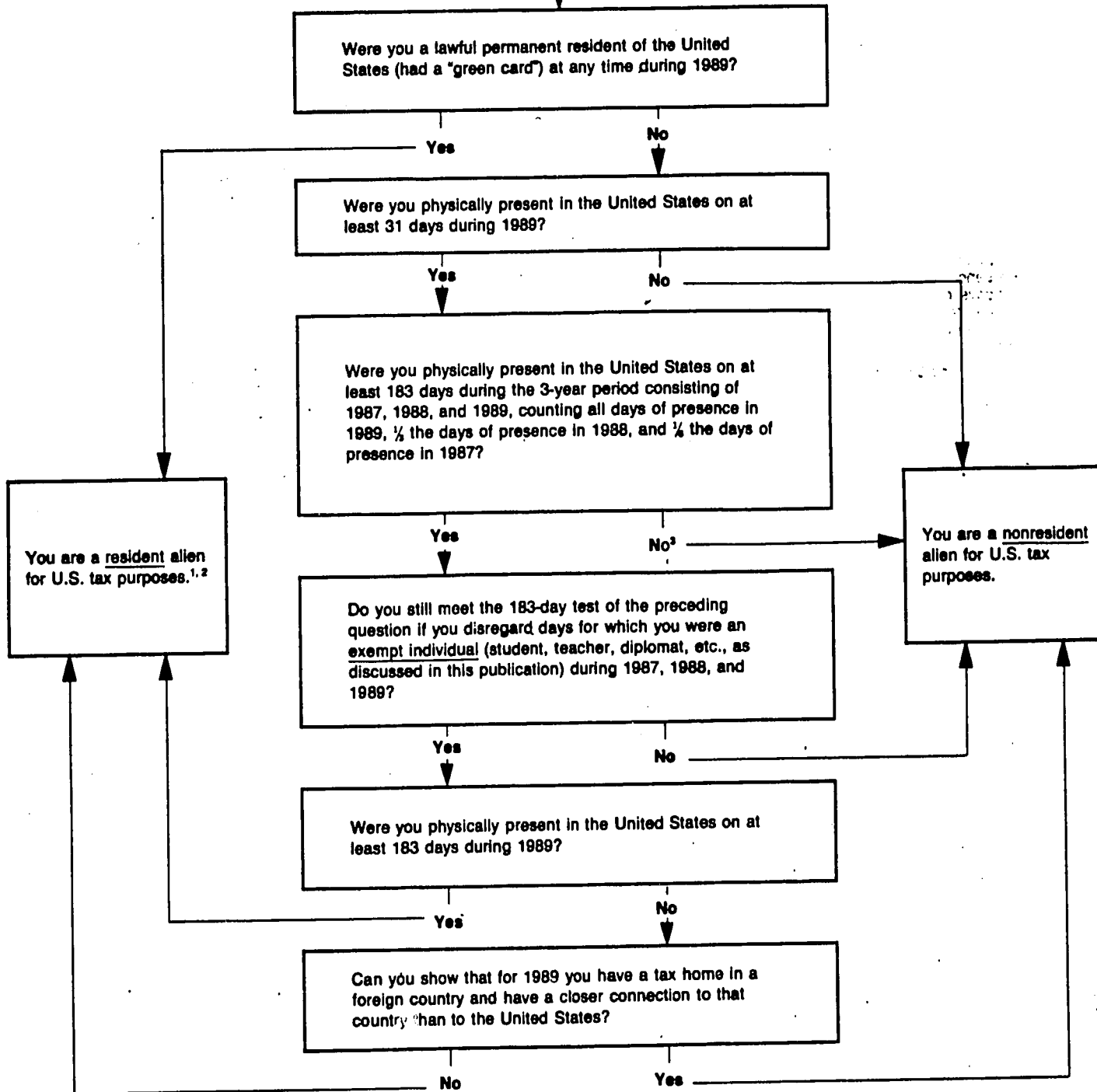
Green card test. You are a resident for tax purposes if you are a lawful permanent resident of the United States *at any time* during the calendar year. (However, see *Dual Status*, later.) This is known as the “green card” test. You are a lawful permanent resident of the United States at any time if you have been given the privilege, according to the immigration laws, of residing permanently in the United States as an immigrant, and this status has not been taken away and has



108

Nonresident Alien or Resident Alien?

Start here to determine your status for 1989.



¹If this is your first or last year of residency, you may have a dual status for the year. See the discussion of *Dual Status*, in Chapter 1.

²In some circumstances you may still be considered a nonresident alien under an income tax treaty between the U.S. and your country. Check those treaty provisions carefully.

³If you meet the substantial presence test for 1990, you may be able to choose treatment as a U.S. resident alien for part of 1989. For details see *First-year choice under Dual Status*, in Chapter 1.

not been administratively or judicially determined to have been abandoned.

Substantial presence test. You will be considered a U.S. resident for tax purposes if you meet the substantial presence test for the calendar year. To meet this test, you must be physically present in the United States on at least:

- 1) 31 days during the current year, and
- 2) 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - all the days you were present in the current year (1989), and
 - 1/3 of the days you were present in the first year before the current year (1988), and
 - 1/3 of the days you were present in the second year before the current year (1987).

Example. You were physically present in the United States on 120 days in each of the years 1987, 1988, and 1989. To determine if you meet the substantial presence test for 1989, count the full 120 days of presence in 1989, 40 days in 1988 (1/3 of 120), and 20 days in 1987 (1/3 of 120). Since the total for the 3-year period is 180 days, you are not considered a resident under the substantial presence test for 1989.

Days of presence in the United States. You are treated as present in the United States on any day if you are physically present in the country at any time during the day. However, there are exceptions to this rule. Do not count the following as days of presence in the United States for the substantial presence test:

- 1) Days you regularly commute to work in the United States from a residence in Canada or Mexico.
- 2) Days you are in the United States for less than 24 hours when you are in transit between two places outside the United States.
- 3) Days you were unable to leave the United States because of a medical condition that developed while you were in the United States.
- 4) Days you were an exempt individual (discussed next).

Exempt individual. For the substantial presence test, do not count days for which you are an exempt individual. The term "exempt individual" does not refer to someone exempt from U.S. tax, but to anyone in the following categories.

- 1) An individual temporarily present in the United States because of (a) diplomatic status, or a visa that represents full-time diplomatic or consular status, (b) full-time employment with an international organization, or (c) membership in the immediate family of a person described in (a) or (b).
- 2) A teacher or trainee, temporarily present in the United States under a "J" visa (other than as a student), who substantially complies with the requirements of the visa.
- 3) A student, temporarily present in the United States under an "F", "J", or "M" visa, who substantially complies with the requirements of the visa.
- 4) A professional athlete temporarily in the United States to compete in a charitable sports event.

You will not be an exempt individual in category (2) above if you were exempt as a teacher or trainee or as a student for any 2 years during the last 6 calendar years. However, if you were exempt as a teacher or trainee or as a student for less than 4 out of the last 6 years, you may still be exempt, provided that all your compensation is paid by a foreign employer for the time you are in the United States on an "F", "J", or "M" visa. For this purpose, a foreign employer includes an office

or place of business of an American entity in a foreign country or a U.S. possession.

You will not be an exempt individual in category (3) above if you have been an exempt individual in this category or as a teacher or trainee for the last 5 years, unless you establish to the satisfaction of the Internal Revenue Service that you are complying with the terms of your student visa and do not intend to permanently reside in the United States.

Closer connection to foreign country. Even though you would otherwise meet the substantial presence test, you do not meet the test for the current year if:

- 1) You are present in the United States on fewer than 183 days during the current year, and
- 2) It is established that for the current year you have a tax home (defined in Chapter 2) in a foreign country and have a closer connection to that country than to the United States.

However, this exception to the substantial presence test will not apply for any year during which you have an application for adjustment of status pending or take other steps to apply for status as a lawful permanent resident of the United States.

Tax year. You must figure your income and file a tax return on the basis of an annual accounting period called a tax year. If you have not previously established a fiscal tax year, your tax year is the calendar year. A calendar year is 12 consecutive months ending on December 31. If you have previously established a regular fiscal year (12 consecutive months ending on the last day of a month other than December) and are considered to be a U.S. resident for any calendar year, you will be treated as a U.S. resident for any part of your fiscal year that falls within that calendar year.

Interrupted period of residence. If you were treated as a U.S. resident during a period of at least three consecutive calendar years after 1984, were then no longer treated as a U.S. resident, and then again became a U.S. resident before the end of the third calendar year after the end of the first period, you are subject to tax under a special rule for the period that you are not a resident. This special taxation applies only if the tax under this rule is more than the tax that would normally apply to you as a nonresident alien.

Special rule. The tax under this special rule is the graduated income tax, alternative minimum tax, and tax on lump-sum distributions from an employees' trust, applied only to your gross income effectively connected with a U.S. trade or business (defined in Chapter 4) and your U.S. source noneffectively connected gross income. For this purpose, U.S. source gross income (defined in Chapter 2) includes gains from the sale or exchange of (1) property (other than stock or debt obligations) located in the United States, and (2) stock issued by a U.S. domestic corporation or debt obligations of U.S. persons or of the United States, a state or political subdivision thereof, or the District of Columbia.

This rule prevents a long-time U.S. resident from disposing of assets free of U.S. tax by leaving the United States for a short period and then becoming a U.S. resident again. The rule applies regardless of the resident's intention to avoid tax. For more information, or if you need specific information regarding your situation, write to: Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Entant Plaza South, S.W., Washington, DC 20024.

Effect of tax treaties. The rules given here to determine if you are a U.S. resident do not override tax treaty definitions of residency. For example, if you are a U.S. resident under these rules but are also a resident of a treaty country (and not a U.S. resident) under an income tax treaty, you may be able to claim the benefits extended to residents of that country. However, the treaty under which you are claiming residence

must have a provision to settle conflicting claims of residence.

Dual Status

An alien may be both a nonresident alien and a resident alien during the same tax year. This usually occurs for the year you arrive in or depart from the United States. Aliens who have dual status should see Chapter 6 for information on filing a return for a dual-status tax year.

First year of residency. If you are a U.S. resident for any calendar year, but you are not a U.S. resident at any time during the preceding calendar year, you are a U.S. resident only for the part of the calendar year which begins on the **residency starting date**. Before that date, you are a nonresident alien.

Residency starting date. If you meet the substantial presence test for a calendar year, your residency starting date is generally the first day you are present in the United States during that calendar year. To determine the first day of presence in the United States, you do not have to count up to 10 days of actual presence in the United States if you establish that you have a closer connection to a foreign country than to the United States on those days.

If you meet the green card test at any time during a calendar year, but do not meet the substantial presence test for that year, your residency starting date is the first day in the calendar year on which you are present in the United States with a valid green card.

First-year choice. If you do not meet either the green card test or the substantial presence test for 1988 or 1989, but you meet the substantial presence test for 1990, you can choose to be treated as a U.S. resident for part of 1989. To make this choice, you must:

- 1) Be present in the United States for at least 31 days in a row in 1989, and
- 2) Be present in the United States for at least 75% of the number of days beginning with the first day of the 31-day period and ending with the last day of 1989. For purposes of this 75% requirement, you can treat up to 5 days of absence from the United States as days of presence in the United States.

To determine if you qualify to make this first-year choice, do not count as days of presence in the United States days for which you are an **exempt individual** as discussed earlier.

You make the first-year choice to be treated as a U.S. resident by filing a tax return (original or amended) for 1989. However, you cannot make the choice before you actually meet the substantial presence test for 1990. A first-year choice, once made, cannot be changed without the consent of the Internal Revenue Service.

If you make the first-year choice, your residency starting date for 1989 is the first day of the earliest 31-consecutive-day period of presence that you use to qualify for the choice. You are treated as a U.S. resident for the rest of the year.

Example. Margaret, a citizen of Australia, came to the United States for the first time on November 15, 1989. She stayed in the United States for the rest of 1989, and she met the substantial presence test for 1990. Margaret can choose to be treated as a resident as of November 15, 1989 because she was not a U.S. resident during 1988, she was in the United States for 31 consecutive days in 1989, and she was in the United States at least 75% of the days from November 15 to December 31, 1989. She must wait until she has met the substantial presence test for 1990 before making her choice to be treated as a resident for 1989. Margaret's residency starting date is November 15, 1989.

Last year of residency. You are not treated as a U.S. resident for the part of a calendar year after the last day you are present in the United States (or, if you meet the green card test, the last day of lawful permanent residency in the United States), if you:

- 1) Have a closer connection to a foreign country than to the United States during that part of the year, and
- 2) Are not a U.S. resident at any time during the next calendar year.

To determine the last day of presence in the United States, you do not have to count up to 10 days of actual presence in the United States if you establish that you have a closer connection to a foreign country than to the United States on those days.

Choosing to be taxed as a resident alien for the entire tax year. If you are a dual-status alien who is a nonresident alien at the beginning of the tax year and a resident alien or U.S. citizen at the end of that year, and you are married to a person who is a U.S. citizen or resident at the end of the year, you can choose to be treated as a U.S. resident for the entire year. This includes situations in which both you and your spouse were nonresident aliens at the beginning of the tax year and both of you are resident aliens at the end of the tax year.

If you make this choice, you and your spouse are both treated as U.S. residents for the entire year for income tax purposes, and you are both taxed on worldwide income. Making the choice also means that you must file a *joint return* for the year of the choice.

If you make this choice, neither you nor your spouse can make this choice for any later tax year, even if you are separated, divorced, or remarried.

Making the choice. You should attach a statement signed by both spouses to your joint return for the year of the choice containing the following information:

- 1) A declaration that you both qualify to make the choice and that you choose to be treated as U.S. residents for the entire tax year, and
- 2) The name, address, and social security number of each spouse. (If one spouse died, include the name and address of the person who makes the choice for the deceased spouse.)

You generally make this choice when you file your joint return. However, you also can make the choice by filing a joint amended return on Form 1040 or Form 1040A. Be sure to write the word "Amended" across the top of the amended return. If you make the choice with an amended return, each spouse must also file an amended return for any later tax year for which a return was filed by either spouse.

The amended joint return generally must be filed within 3 years from the date you filed your original U.S. income tax return or 2 years from the date you paid your income tax for that year, whichever is later.

A similar choice is available if, at the end of your tax year, you are a nonresident alien married to a U.S. citizen or resident. See *Nonresident Spouse Treated as a Resident*, next. If you previously made the choice as a nonresident alien to be treated as a resident as discussed below, and that choice is still in effect, you do not need to make the choice explained here.

Note: If you file a joint return under either of these provisions, the special instructions and restrictions for dual-status taxpayers in Chapter 6 do not apply to you.

Nonresident Spouse Treated as a Resident

If, at the end of your tax year, you are married and one spouse is a U.S. citizen or a resident alien and the other spouse is a nonresident alien, you can choose to treat the nonresident spouse as a U.S. resident. This includes situations in which one spouse is a nonresident alien at the beginning of the tax year, but a resident alien at the end of the year, and the other spouse is a nonresident alien at the end of the year.

If you make this choice, you and your spouse are treated for income tax purposes as residents for your entire tax year. For example, neither you nor your spouse can claim tax treaty benefits as a resident of a foreign country for a tax year for which the choice is in effect. You must file a joint income tax return for the year you make the choice, but you and your spouse can file joint or separate returns in later years.

Example 1. Pat Smith, a U.S. citizen for all of tax year 1989, is married to Norman, a nonresident alien. Pat and Norman make the choice to treat Norman as a resident alien by attaching a statement to their joint return for 1989. Pat and Norman must report their worldwide income in 1989 and later years unless the choice is ended or suspended. Although Pat and Norman must file a joint return for 1989, they can file joint or separate returns for later years.

Example 2. Bob and Sharon Williams are married and both are nonresident aliens. In June 1989 Bob became a resident alien and remained a resident for the rest of the year. Bob and Sharon both choose to be treated as resident aliens by attaching a statement to their 1989 joint return. Bob and Sharon must report their worldwide income in 1989 and later years unless the choice is ended or suspended. Bob and Sharon must file a joint return for 1989, but they can file either joint or separate returns for later years.

How to make the choice. Attach a statement, signed by both spouses, to your joint return for the first tax year for which the choice applies. It should contain the following:

- 1) A declaration that one spouse was a nonresident alien and the other spouse a U.S. citizen or resident alien on the last day of your tax year, and that you choose to be treated as U.S. residents for the entire tax year, and
- 2) The name, address, and social security number of each spouse. (If one spouse died, include the name and address of the person making the choice for the deceased spouse.)

You generally make this choice when you file your joint return. However, you can also make the choice by filing a joint amended return on Form 1040 or Form 1040A. Be sure to write the word "Amended" across the top of the amended return. If you make the choice with an amended return, each spouse must also file an amended return for any later tax year for which a return was filed by either spouse.

The amended joint return generally must be filed within 3 years from the date you filed your original U.S. income tax return or 2 years from the date you paid your income tax for that year, whichever is later.

Suspending the choice. The choice to be treated as a resident alien does not apply to any tax year (after the tax year the choice is made) if neither spouse is a U.S. citizen or resident alien at any time during the tax year.

Example. Dick Brown was a resident alien on December 31, 1986, and married to Judy, a nonresident alien. They chose to treat Judy as a resident alien and filed joint 1986 and 1987 income tax returns. On January 10, 1988, Dick became a nonresident alien. Judy had remained a nonresident alien throughout the period. Dick and Judy

can file joint or separate returns for 1988, ever, since neither Dick nor Judy is a resident alien at any time during 1989, their choice is suspended for that year. If either has U.S. income or foreign source income effectively connected with a U.S. trade or business in 1989, each must file separate returns as nonresident alien. If Dick becomes a resident alien again in 1990, his choice is no longer suspended. For years his choice is not suspended, they must include income received from sources both in and out of the United States in their income for each year.

Ending the choice. Once made, the choice applies to all later years unless suspended (explained above) or ended in one of the ways.

1) **Revocation.** Either spouse can revoke the choice for any tax year, provided the revocation is made by the due date for filing the return for that tax year. The spouse revoking must attach a signed statement declaring that the choice is being revoked. The statement must include the name, address, and social security number of the spouse. (If one spouse dies, include the name and address of the person who is making the choice for the deceased spouse.) The statement also must include a list of states, foreign countries, and possessions that have community property law, and either spouse is domiciled or where either spouse is located from which either spouse receives income. File the statement with the return for the year of revocation.

- a) If the spouse revoking the choice has to file a return, attach the statement to the return for the first year the revocation takes effect.
- b) If the spouse revoking the choice does not have to file a return, but does (for example, to obtain a refund), attach the statement to the return for the first year the choice is in effect.
- c) If the spouse revoking the choice does not have to file a return and does not claim a refund, send the statement to the Internal Revenue Service Center where you filed the last joint return.

2) **Death.** The death of either spouse ends the choice, beginning with the first year following the year the spouse died. If the surviving spouse is a U.S. citizen and is entitled to the joint return, the choice will continue to apply for the close of the last year for which the choice may be used.

If both spouses die in the same year, the choice ends on the first day of the year following the year in which both died.

3) **Legal separation.** A legal separation ends the choice as of the beginning of the year in which the legal separation takes effect.

4) **Inadequate records.** The Internal Revenue Service may end the choice if either spouse has failed to keep adequate books, records, and other necessary information to determine the tax liability, or to provide adequate records.

If the choice is ended for any reason, neither spouse can make a choice for a later year.

Special Situation

If you are an alien from America, Puerto Rico, or Cuba there are some special rules you should know about.

Aliens from American Samoa or Puerto Rico. If you are a nonresident alien in the United States and a bona fide resident of American Samoa or Puerto Rico during the entire tax year, you are taxed, with certain exceptions, according to the rules for resident aliens of the United States. For more information, see Chapter 5.

If you are a nonresident alien from American Samoa or Puerto Rico who does not qualify as a bona fide resident of American Samoa or Puerto Rico for the entire tax year, you are taxed as a nonresident alien.

Resident aliens who formerly were bona fide residents of American Samoa or Puerto Rico are taxed according to the rules for resident aliens.

Aliens from Cuba. Cuban exiles employed by the U.S. Navy at Guantanamo Bay Naval Base are transient nonresident aliens for income tax purposes even though they have been issued immigrant visas, if they have not established any other legal, economic, or social connections to the United States.

However, interest on the three types of deposits listed above that is not connected with your U.S. trade or business, while considered to be from sources within the United States, is not subject to U.S. income tax. These specific types of interest are also not subject to the 30% withholding tax (discussed in Chapter 4).

Exceptions. U.S. source interest income does not include:

- 1) Interest received from a resident alien or a domestic corporation that, for the 3-year period ending with the close of the payer's tax year preceding the interest payment, was derived at least 80% of its gross income from all sources from sources outside the United States, and the income can be attributed to the active conduct of a trade or business by the individual or corporation in a foreign country or a U.S. possession,
- 2) Interest described in (2) above paid by a foreign branch of a domestic corporation or a domestic partnership, and
- 3) Interest on deposits with a foreign branch of a domestic corporation or domestic partnership, but only if the branch is in the commercial banking business.

If you have any questions concerning any of these exceptions, you should write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

Dividends. In most cases, dividend income received from domestic corporations is U.S. source income. Dividend income from foreign corporations is usually foreign source income. Exceptions to both of these rules are discussed below.

The first exception is for dividends received from a domestic corporation if its principal activities take place in U.S. possessions and if it has chosen to take the Puerto Rico and possession tax credit. For purposes of this exception, U.S. possessions include Puerto Rico and the Virgin Islands.

Dividends from a domestic corporation described above are not U.S. source income if 80% or more of its gross income is from sources within a possession of the United States for the 3-year period ending with the close of the tax year preceding the declaration of the dividend, and 75% or more of the gross income of the domestic corporation during this 3-year period is from the active conduct of a trade or business within a possession of the United States.

The second exception is for dividends received from a foreign corporation if 25% or more of its total gross income for the 3-year period ending with the close of its tax year preceding the declaration of dividends was effectively connected with a trade or business in the United States.

If you receive dividends from a foreign corporation that, for this 3-year period, had 25% or more of its gross income connected with a trade or business in the United States, the part of the dividend payment that is U.S. source income to you is based on the ratio of the foreign corporation's gross income connected with a U.S. trade or business for the 3-year period to its gross income from all sources.

Personal services. All wages and any other compensation for services performed in the United States are considered to be from sources in the United States. The only exception to this rule, other than income exempted by treaty, is discussed in Chapter 4, under *Employees of foreign persons, organizations, or offices*.

If your compensation is for personal services performed both inside and outside the United States, you must figure the amount of income that is for services performed in the United States. You usually do this on a time basis. That is, you must

include in gross income as U.S. source income the amount that results from multiplying the total amount of compensation by a fraction. The numerator of the fraction is the number of days you performed services in the United States and the denominator of the fraction is the total number of days of service for which you receive payment.

Example. Jean Blanc, a citizen and resident of Canada, is a professional hockey player with a U.S. hockey club. Under Jean's contract, he received \$98,500 for 242 days of play during 1989. This includes days spent at pre-season training camp, days during the regular season, and playoff game days. Of the 242 days, 194 days were spent performing services in the United States and 48 days playing hockey in Canada. The amount included in Jean's 1989 gross income as U.S. source income is \$78,967, figured as follows:

$$\frac{194}{242} \times \$98,500 = \$78,967$$

Foreign journalists. Foreign journalists and newspaper correspondents in the United States, who are from a country with which the United States does not have a tax treaty, are not exempt from U.S. income tax just because U.S. newspaper correspondents in their country are not required to pay income tax to that country.

However, if you are a foreign journalist and a nonresident alien temporarily in the United States and you meet the requirements in Chapter 4 under *Employees of foreign persons, organizations, or offices*, your income may be tax exempt.

Reenlistment bonus. A reenlistment bonus received by a nonresident alien for reenlistment in the U.S. Navy while in a foreign country is income for services performed outside the United States.

Transportation. Income from personal services that is also *transportation income* (defined below) is not U.S. source income unless the transportation either begins or ends in the United States. If the transportation begins and ends in the United States, all of the income is U.S. source income. If the transportation is between the United States and a U.S. possession, 50% of the income is U.S. source income.

Transportation income. Transportation income is income from the use of a vessel or aircraft, whether owned, hired, or leased, or from the performance of services directly related to the use of a vessel or aircraft. The term "vessel or aircraft" includes any container used in connection with a vessel or aircraft.

Income from transportation that begins and ends in the United States is treated as derived from sources in the United States, and 50% of income from transportation, other than personal service income, that either begins or ends in the United States is treated as derived from sources in the United States.

If you are engaged in foreign trade, you should consider your wages received for services performed in the United States or its territorial waters as being from sources in the United States. However, see the discussion of *Employees of foreign persons, organizations, or offices* in Chapter 4, and also any tax treaty provisions that may apply. For information on how U.S. source transportation income is taxed, see Chapter 4.

Pensions and annuities. When you receive a pension from a domestic trust for services performed both in and outside the United States, the amount of the pension that is from U.S. sources is the amount of income earned by the trust and the employer contributions made for services performed in the United States. This applies whether the distribution is made under a qualified or non-qualified stock bonus, pension, profit-sharing, or annuity plan (whether or not funded).

Another situation is when you, because of services performed as an employee of the United States, receive a distribution (whether or not in a

2. What Income of Aliens is Taxed?

After you have determined your alien status, you must determine the source of your income. Whether your income is subject to tax in the United States generally depends on the source of the income. The following discussions will help you determine the source of different types of income you may receive during the tax year.

Resident Aliens

A resident alien income is generally subject to tax in the same manner as a U.S. citizen; that is, a resident alien is taxed on and must report income from all sources, including sources outside the United States.

If you are a resident alien, you must report all interest, dividends, wages, or other compensation for services, income from rental property or royalties, and other types of income, whether from sources within or outside the United States, on your U.S. tax return.

Nonresident Aliens

A nonresident alien usually is subject to U.S. income tax only on income from sources within the United States.

The following discussions cover the rules for determining U.S. source income that apply to most nonresident aliens.

Interest. Generally, income from U.S. sources includes interest on bonds, notes, or other interest-bearing obligations of U.S. residents or domestic corporations. In addition, all interest received by a nonresident alien individual from the U.S. Government during the tax year is income from U.S. sources.

Interest income from U.S. sources includes interest on:

- 1) Deposits (including certificates of deposit) with persons in the banking business,
- 2) Deposits or withdrawable accounts with mutual savings banks, cooperative banks, credit unions, domestic building and loan associations, and other savings institutions chartered and supervised as savings and loan or similar associations under federal or state law (if the interest paid or credited can be deducted by the association), and
- 3) Amounts held by an insurance company under an agreement to pay interest on them.

ump sum) from the U.S. Government under a plan, such as the Civil Service Retirement Act, that is treated as a qualified pension plan. To the extent the distribution can be attributed to basic U.S. salary for services performed outside the United States, it is treated as income from sources outside the United States, and is not taxable. For more information, get Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*.

Rents or royalties. Your U.S. source income includes rent and royalty income received during the tax year from property located in the United States or from any interest in that property. Also see *Choice in Treating Real Property Income*, in Chapter 4, for a choice that you can make for this type of income.

Your U.S. source income also includes rents or royalties for the use of, or for the privilege of using, in the United States, intangible property such as patents, copyrights, secret processes and formulas, goodwill, trademarks, franchises, and similar property.

Real property. Gross income from sources in the United States includes gains, profits, and income from the sale or other disposition of property located in the United States.

Personal property. Income from the sale or exchange of personal property by a nonresident alien individual generally has its source in the United States if the individual has a tax home in the United States. If the individual does not have a tax home in the United States, the income generally is considered to be from sources outside the United States.

Tax home. Your tax home is the general area of your main place of business, employment, or post of duty, regardless of where you maintain your family home. Your tax home is the place where you permanently or indefinitely work as an employee or self-employed individual. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

Inventory property. Income from the sale in the United States of inventory property (personal property that is stock in trade or that is held primarily for sale to customers in the ordinary course of your trade or business) generally has its source within the United States, regardless of where you have your tax home. Income from the sale of inventory property outside the United States (even though it was purchased within the United States) has its source outside the United States.

Depreciable personal property. To determine the source of any gain from the sale of depreciable personal property, you must first figure the part of the gain that is not more than the total depreciation adjustments on the property. This part of the gain is allocated to sources in the United States based on the ratio of U.S. depreciation adjustments to total depreciation adjustments. The rest of this part of the gain is considered to be from sources outside the United States.

For this purpose, "U.S. depreciation adjustments" are the depreciation adjustments to the basis of the property that are allowable in figuring taxable income from sources within the United States. However, with some exceptions for certain transportation, communications, and other property used internationally, if the property is used predominantly in the United States during a tax year, all depreciation deductions allowable for that year are treated as U.S. depreciation adjustments.

Gain from the sale of depreciable property that is more than the total depreciation adjustments on the property is sourced as if the property were inventory property, as discussed above.

Intangibles. The general rule for determining the source of income from sales of personal property, discussed above, applies to sales of intangibles (patents, copyrights, secret processes or formulas, goodwill, trademarks, trade names, or other like property) only to the extent the payments for the property do not depend on the productivity, use, or disposition of the intangible. To the extent the payments for the intangible property do depend on the productivity, use, or disposition of the property, their source is determined as though the payments were royalties, as discussed earlier. If payments for goodwill do not depend on its productivity, use, or disposition, their source is the country in which the goodwill was generated.

To the extent gain from the sale of an intangible does not exceed its depreciation adjustments, the gain will be treated as if the intangible were depreciable personal property, discussed above.

Sales through offices or fixed places of business. Despite any of the above rules, if you do not have a tax home in the United States, but you maintain an office or other fixed place of business in the United States, income from any sale of personal property (including inventory property) that can be attributed to that office or place of business is treated as being from United States sources. However, this rule does not apply to sales of inventory property for use, disposition, or consumption outside the United States if an office or other fixed place of business of the taxpayer outside the United States materially participated in the sale.

If you have a tax home in the United States but maintain an office or other fixed place of business outside the United States, income from sales of personal property, other than inventory, depreciable property, or intangibles, that can be attributed to that foreign office or place of business is treated as being from sources outside the United States. However, this rule does not apply unless an income tax of at least 10% of the income from the sale is actually paid to a foreign country.

Residents of Puerto Rico. If you are a bona fide resident of Puerto Rico for the entire year, income from the sale of personal property (other than inventory) is foreign source income.

Community Income

Generally, if you are married and you and your spouse are domiciled in a country with community property laws, you must follow those laws to determine the income of yourself and your spouse for U.S. tax purposes. But certain community property laws are disregarded if:

- 1) Both you and your spouse are nonresident aliens, or
- 2) One of you is a nonresident alien and the other is a U.S. citizen or resident and you do not both choose to be treated as U.S. residents (as explained in Chapter 1 under *Nonresident Spouse Treated as a Resident*).

In these cases, you and your spouse *cannot* each report one-half of the types of community income listed below on separate returns.

Earned income of a spouse, other than trade or business or partnership distributive share income, is treated as the income of the spouse whose services produced the income and all of it must be reported on that individual's separate return.

Trade or business income, other than partnership income, is treated as the income of the husband and all of it must be reported on the husband's separate return unless the wife exercises substantially all of the management and control over the trade or business.

If the wife manages and controls the business, all of the income must be reported on her separate return.

Partnership income (or loss) received from a trade or business carried on by the partnership is treated as the income (or loss) of the partner, all of it must be reported on the return of the partner.

Income derived from the separate practice of one spouse (and which is not earned in a trade or business income, or partnership distributive share income) is treated as the income of the spouse and all of it must be reported on the spouse's separate return.

All other community income is treated as provided by the applicable community property law.

Exclusions from Gross Income

Resident and nonresident aliens are allowed certain exclusions from gross income if certain conditions are met. An exclusion from gross income is generally income you receive but is not included in your U.S. income and is not subject to U.S. tax. The following discussion covers the exclusions allowed to resident and nonresident aliens. If you received a scholarship or fellowship grant, see Chapter 3.

Resident Aliens

If you are physically present in a foreign country for at least 330 full days during a period of 12 consecutive months, you may be able to exclude from your income up to \$70,000 of income earned abroad in 1989, plus a housing allowance if you are an employee. For more information, see Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*.

Foreign country. The term "foreign country" means any territory under the sovereignty or government other than that of the United States, including territorial waters of the foreign country, the air space over the foreign country, and the seabed and subsoil of submarine areas adjacent to the territorial waters of the foreign country.

Nonresident Aliens

You may be able to exclude certain amounts from your gross income. Nonresident aliens can exclude the following items.

Compensation from a foreign employer. There are two groups of nonresident aliens who can exclude from gross income pay received from a foreign employer.

Students. The first group is students who have their residences in foreign countries and have no intention of abandoning them. They must be full-time students, qualified to pursue a full course of study, who enter the United States temporarily and only to pursue the course of study at designated institutions of learning or other recognized places of study in the United States. The institutions of learning or places of study must have been designated by the student and approved by the Attorney General of the United States for attendance by these students. Members of this first group are the alien students' spouses and minor children if they come with the alien student or come later to join the aliens.

This group also includes students who have their residences in foreign countries and have no intention of abandoning them, who enter the United States temporarily and solely for the purpose of pursuing a full course of study at an established vocational or other recognized academic institution (other than a language program). The vocational or nonacademic institution must have been designated by the student and approved by the Attorney General of the United States for attendance by these students. Also included are the spouse and minor children of these alien students if they come with the alien student or come later to join them.

These individuals are admitted to the United States under section 101(a)(15)(F) or (M) of the Immigration and Nationality Act.

Exchange visitors. The second group is aliens who have residences in foreign countries and who have no intention of abandoning them. They must be bona fide students, scholars, trainees, teachers, professors, research assistants, specialists, or leaders in a field of specialized knowledge or skill, or persons of similar description. They must have come to the United States temporarily to participate in programs designated by the Secretary of State of the United States. Included in this second group are the aliens' spouses and minor children if they come with the aliens or come later to join the aliens.

These individuals enter the United States under section 101(a)(15)(J) of the Immigration and Nationality Act. A nonresident alien temporarily present in the United States under this section of the Act includes an alien individual entering the United States as an exchange visitor under the Mutual Educational and Cultural Exchange Act of 1961.

Foreign employer. A foreign employer is:

- 1) A nonresident alien individual, foreign partnership, or foreign corporation, or
- 2) An office or place of business maintained in a foreign country or in a U.S. possession by a domestic corporation, a domestic partnership, or an individual who is a citizen or resident of the United States.

The term "foreign employer" does not include a foreign government. Pay from a foreign government that is exempt from U.S. income tax is discussed in Chapter 10.

Income from certain annuities. Do not include in income any annuity received under a qualified annuity plan, or from a qualified trust exempt from U.S. income tax if:

- 1) All the personal services for which the annuity is payable were either performed outside the United States by a person who, at the time of performance, was a nonresident alien; or were performed by the person within the United States and meet the three conditions described in *Employees of foreign persons, organizations, or offices*, in Chapter 4, and
- 2) At the time the first amount is paid as an annuity under the plan (or by the trust), 90% or more of the employees for whom contributions or benefits are provided under the annuity plan (or under the plan of which the trust is a part) are citizens or residents of the United States.

Income affected by treaties. Income of any kind that is exempt from U.S. tax under a treaty to which the United States is a party is excluded from your gross income. Income on which the tax is only limited by treaty, however, is included in gross income. See Chapter 9.

Scholarships and Fellowship Grants

You may be able to exclude from your income part or all of the amounts you receive as a scholarship or fellowship grant. The rules in this chapter apply to both resident and nonresident aliens.

Source of grant. The source of the grant must be determined first. If the grant is not from U.S. sources, it is not subject to U.S. tax.

The source of a scholarship or fellowship grant is the residence of the payer regardless of who actually disburses the funds.

For example, scholarship or fellowship payments for research or study made by the United States, a noncorporate U.S. resident, or a

domestic corporation, are from U.S. sources. Similar payments from a foreign government or foreign corporation are foreign source payments even though the funds may be disbursed through a U.S. agent. Payments made by an entity designated as a public international organization under the International Organizations Immunities Act are from foreign sources.

You can apply this rule to any amounts received as a scholarship or fellowship grant after 1985.

If you are a nonresident alien and all or part of your grant must be included in your income, see *Students and trainees* in Chapter 4 for information on how this income is taxed.

The total amount of your grant is reported on line 12 of Form 1040NR, and the nontaxable portion, if any, is shown on line 28.

Nonresident alien students and apprentices from many countries having tax treaties with the United States are exempt from U.S. income tax on payments from abroad for their maintenance and studies if they are in the United States to study or gain business experience. Thus, even if you do not qualify for exemption under the rules given in this chapter, you may qualify under tax treaty rules. For further information, see Chapter 9.

Date of grant. The date when your U.S. scholarship or fellowship was granted is important in determining if you can exclude from income any amounts that you received. A scholarship or fellowship is considered to be granted when the grantor:

- Notifies you of the award, or
- Notifies an organization or institution, acting on your behalf, of the award that is to be provided to you.

If the notification is sent by mail, the postmark is the notification date. If evidence of a postmark does not exist, the date of the award letter is treated as the notification date.

The tax treatment for grants made after August 16, 1986, is different from that for grants made before August 17, 1986. These treatments are discussed below. If, in 1989, you received an amount as a scholarship or fellowship, you have to determine which treatment applies to the grant.

Grants Made After August 16, 1986

Amounts received as a qualified scholarship made after August 16, 1986, are excludable from income only if you are a candidate for a degree at an educational institution.

Qualified scholarship. A qualified scholarship is any amount you receive as a scholarship or fellowship grant from U.S. sources that is used according to the conditions of the grant for:

- Tuition and fees required to enroll in, or to attend, an educational institution, or
- Fees, books, supplies, and equipment that are required for the courses of instruction at the educational institution. Amounts you receive from a scholarship or fellowship that are used for other expenses, such as room and board or travel, are not excludable from income.

Even if the terms of your scholarship or fellowship do not provide that it must be used only for tuition and course-related expenses, it may still be a qualified scholarship. You may exclude up to the total amount you incur for tuition and course-related expenses during the period the grant applies. You must take into account the amount of any other grant that is excludable from income. Also, the terms of the grant must not require its use for other purposes or forbid its use for tuition or course-related expenses.

Candidate for a degree. The term candidate for a degree means a student (whether full or part-time) who:

- Attends a primary or secondary school or is pursuing a degree at a college or university, or
- Attends an educational institution that is authorized and accredited to provide a program that is acceptable for full credit toward a bachelor's or higher degree, or offers a program of training to prepare students for gainful employment in a recognized occupation.

Payment for services. You cannot exclude from income the portion of any scholarship or fellowship, including any tuition reduction, that represents payment for teaching, research, or other services which are required as a condition for receiving the scholarship or fellowship, even if all candidates for a degree are required to perform the services as a condition for receiving the degree.

Example. On January 7, 1989, Maria Gomez is notified of a scholarship of \$2,500 for the spring 1989 semester. As a condition for receiving the scholarship, Maria must serve as a part-time teaching assistant. Of the \$2,500 scholarship, \$1,000 represents payment for her services. Assuming that all other conditions are met, Maria would be allowed to exclude no more than \$1,500 from income as a qualified scholarship.

Grants Made Before August 17, 1986

If, in 1989, you received an amount as a U.S. scholarship or fellowship granted before August 17, 1986, you continue to figure the amount excludable under the same rules that were in effect in prior years. These rules are explained below.

Mainly for grantor's benefit. You must include in your income the amounts paid to help you pursue your studies or research if the studies or research are mainly for the grantor's benefit. However, if the main purpose is to further your education and training, and the amounts are not payment for services, do not include them in your income. This is true even if you must give progress reports to the grantor, or if the results of your studies or research may slightly benefit the grantor.

Payment for services. You must include in your income pay for your past, present, or future services. Amounts you receive for services performed on a research project that a university contracted to perform for some form of payment are pay regardless of what the payment is called. These amounts do not become scholarships or fellowship grants merely because the research can be used for credits toward degrees.

Requirement of future services. If you must, as a condition for receiving a stipend or other funds, agree to work for the grantor after finishing your training, the amount you receive is considered payment for future services and must be included in your gross income.

However, if you receive payments under a U.S. federal program that requires you to perform future service as a U.S. federal employee, you can exclude these amounts from your gross income if you use them for qualified tuition and related expenses. For more information, see Publication 520, *Scholarships and Fellowships*.

Tax-exempt scholarship. In general, a tax-exempt scholarship is an amount paid or allowed to or for an undergraduate or graduate student pursuing studies at an educational organization. It includes room, board, laundry, similar services and accommodations, tuition, and other fees furnished or paid to a student to aid in pursuing the studies. It also includes any family allowance received as part of a scholarship.

An educational institution or organization is a school that normally maintains a regular faculty and curriculum and has a regularly organized body

of students in attendance at the place where it carries on its educational activities. It includes primary and secondary schools, colleges, universities, normal schools, technical schools, mechanical schools, and similar organizations. It does not include noneducational organizations and on-the-job training, correspondence schools, and night schools.

Tax-exempt fellowship. Generally, a tax-exempt fellowship is an amount paid or allowed to or for an individual pursuing study or research. The study or research does not necessarily have to be carried out at an educational organization. It includes the amounts previously mentioned under *Tax-exempt scholarship*, furnished or paid to an individual to aid in the pursuit of study or research. It also includes any family allowance received as part of a fellowship grant.

North Atlantic Treaty Organization (NATO) postdoctoral fellowships in science are fellowships that are exempt from U.S. income tax subject to the limits on the amount excludable from income as discussed below under *If you are not a candidate for a degree*.

Amount excluded from income. The amount you receive as a U.S. scholarship or fellowship grant that is excluded from income depends on whether you are a candidate for a degree.

A candidate for a degree is an undergraduate or graduate who is pursuing studies or conducting research to meet the requirements for an academic or professional degree conferred by a college or university. The study or research does not have to be done at the educational organization that confers these degrees as long as it is done to meet the requirements for the degree. A student who is given a scholarship for study at a secondary school or any other educational organization is considered to be a candidate for a degree.

If you are a candidate for a degree, you can exclude from income any amount received as a scholarship or a fellowship grant. This includes the value of any contributed services or accommodations (for example, room and board) and amounts that are specifically designated to cover travel and other necessary expenses, whether or not the source of the income is from within or outside the United States. You cannot exclude any part of the amount that represents pay for services. The part that is pay for teaching, research, or other part-time employment required as a condition for receiving the grant must be included in income unless all candidates for the degree (whether or not they receive a scholarship or fellowship) are required to perform similar services as a condition for receiving the degree. The amount to be included in income as pay for those services is based on the rate of pay for similar services performed by an individual who does not have a scholarship or a fellowship grant.

If you are not a candidate for a degree, the entire amount you receive as a U.S. scholarship or fellowship grant, including the value of any contributed services or accommodations and amounts that are specifically designated to cover travel and other necessary expenses, is included in income unless the grant is made by:

- 1) A foreign government,
- 2) An international organization or a binational or multinational educational and cultural foundation or commission created or continued under the Mutual Educational and Cultural Exchange Act of 1961,
- 3) A nonprofit organization exempt from U.S. income tax and operated only for religious, charitable, scientific, literary, or educational purposes, or to promote national or international amateur sports competition (but only if no part of its activities involves providing athletic facilities or equipment), or testing for

public safety, or for the prevention of cruelty to children or animals, or

- 4) The United States or one of its agencies, a state or possession of the United States, or any of their political subdivisions, or the District of Columbia.

Limit. Even though you receive a U.S. scholarship or fellowship grant from one of the sources mentioned, there is a limit on the amount you can exclude from income. You cannot exclude any part of the grant that represents pay for services. You can exclude each year not more than \$300 times the number of months for which you receive payments under the grant during the year. This limit applies even though the amount received under a grant is more than \$300 a month only because you have dependents.

You are allowed this exclusion for a lifetime total of 36 months regardless of the number of months for which you may receive a scholarship or fellowship grant. It does not matter if the amount received under a grant was less than \$300 in some months. Figuring the number of months a scholarship or fellowship grant is received is based on whole calendar months. A period of 15 days or more is considered a whole calendar month and a period of 14 days or less is not counted.

Example 1. Maria Gonzalez is a citizen and resident of a foreign country and is not a candidate for a degree. She received, from a nonprofit organization in the United States, a scholarship which began on August 10, 1986, and ended on June 5, 1989. The grant is considered to be for a period of 34 months (5 months in 1986, 12 months each in 1987 and 1988, and 5 months in 1989). August 1986 is counted as a full month and June 1989 is not counted. If the grant expired on June 27, it would be considered to be for a period of 35 months.

Example 2. Igor Bell, a citizen and resident of a foreign country, was granted, on August 1, 1986, a fellowship grant to conduct independent research at a university in the United States. The grant was made by that university. He is not a candidate for a degree. The grant is paid at the rate of \$500 a month for 4 years. He can exclude \$300 a month from income for the first 36 months he receives the grant, but must include in income the full \$500 a month for the last 12 months.

Example 3. Mildred Amber, a citizen and resident of a foreign country, was granted, on July 1, 1986, a 3-year fellowship grant from a university located in the United States to pursue studies. She was not a candidate for a degree. Included in the grant were:

- 1) A basic stipend,
- 2) An allowance to cover the traveling expenses (including meals and lodging while traveling) from her home in the foreign country to the university in the United States, and
- 3) A monthly allowance for anticipated expenses for transportation, meals, and lodging while attending the university.

Mildred's basic stipend is a fellowship grant excludable from income, subject to the \$300 monthly limit.

Her allowance to cover traveling expenses is excludable from income to the extent she actually spent the allowance for that purpose.

Her allowance to cover anticipated expenses for transportation, meals, and lodging while attending the university is considered a part of the basic stipend since it was intended primarily to help her pursue the studies or research. This allowance, when added to the basic stipend, is excluded from Mildred's income, subject to the \$300 a month limit.

Amounts received for related expenses. Allowances you receive that are related to scholarship or a fellowship grant, such as (including meals and lodging while traveling), an allowance for travel of your family), room, clerical help, or equipment, can be excluded from income under certain conditions. The allowance must be specifically designated to cover the expenses and must be spent during the term of the grant, or within a reasonable time thereafter, to carry out the purpose of the scholarship or fellowship grant.

If a part of your scholarship or your fellowship grant cannot be excluded from income because it is pay for part-time services (discussed earlier), the amount received to cover expenses for that part is not excluded from your income. If the amount received to cover expenses for that part is excluded from your income because you previously excluded amounts for those months (see *If you are not a candidate for a degree*, also discussed earlier), none of the amount received to cover expenses related to that grant is excluded from your income.

Example. James Rhue, a citizen and resident of a foreign country, was granted a 3-year scholarship of \$400 a month by a nonprofit organization in the United States. He was notified of the grant in June 1986. The grant was for the period from September 1986 to June 1989 (33 months) to study for a master's degree at a university in the United States. He was also granted \$40 a month for clerical help, specifically designated for clerical help, all of which he spent for that purpose. As a condition of the grant he was required to do part-time teaching for which an individual who was not a recipient of a scholarship would be paid \$50 a month. Candidates for the master's degree were not required to teach part-time. The grant and the expense allowance were paid monthly.

Of the \$400 monthly payment, James can exclude \$350 (\$400 minus \$50) a month from his income. He would include in his income \$50 a month (the amount for teaching). Of the \$40 a month for clerical help, James can exclude the part that can be attributed to that part of the grant excluded from income. Thus, \$35 (\$40 × \$350/\$400) of the monthly clerical help allowance can be excluded, and \$5 must be included in income.

Any amount received to cover expenses not spent for that purpose must be included in income unless it is returned to the grantor. The amount is included in taxable income for the year in which the period for excluding the amount from income ends.

Recordkeeping Rules

If you receive a scholarship or fellowship grant, you should keep complete records to verify the following:

- Whether or not you are a candidate for a degree,
- The date you applied for the grant,
- The date the grant was made,
- The amount of the grant,
- The source of the grant,
- The time period covered by the grant,
- Amounts you paid or that were paid for tuition, enrollment fees, other fees, books, supplies, and equipment,
- Amounts you paid or that were paid for room, board, and other expenses included in the grant,
- Amounts you were paid for teaching, or other services required of you as a condition for receiving the grant.

4. How is Income of Allens Taxed?

Resident and nonresident aliens are taxed in different ways. Resident aliens are generally taxed in the same way as U.S. citizens. Nonresident aliens are taxed based on the source of their income and whether or not the income is effectively connected with a U.S. trade or business. The following discussions will help you determine if income you receive during the tax year is effectively connected with a U.S. trade or business and how it is taxed.

Resident Aliens

Resident aliens are generally taxed the way that U.S. citizens are, that is, their worldwide income is subject to U.S. tax and must be reported on their U.S. tax return. Income of resident aliens is subject to the graduated tax rates that apply to U.S. citizens. Resident aliens use the Tax Table and Tax Rate Schedules that apply to U.S. citizens, located in the Form 1040 instructions.

Nonresident Aliens

A nonresident alien's income that is subject to U.S. income tax must be divided into two categories:

- 1) Income that is effectively connected with a trade or business in the United States, and
- 2) Income that is not effectively connected with a trade or business in the United States (discussed under *The 30% Tax*).

The difference between these two categories is that effectively connected income, after allowable deductions, is taxed at the same rates that apply to U.S. citizens and residents. Income that is not effectively connected is taxed at a flat 30% (or lower treaty) rate. This chapter discusses how to determine if your income is effectively connected income and how each category of income is taxed.

If you are a nonresident alien, you must determine whether you are considered to be engaged in a trade or business in the United States. When you determine whether your activities do or do not constitute engaging in trade or business in the United States, according to the rules that follow, you will also know if it is possible for you to receive income that is effectively connected with that trade or business.

Generally, you must be engaged in a trade or business during the tax year to be able to treat income as effectively connected with that trade or business. However, income you receive from the sale or exchange of property, the performance of services, or any other transaction in another tax year is treated as effectively connected in the year received if it would have been effectively connected in the year the transaction took place or the services were performed.

Example. Ted Richards, a nonresident alien, entered the United States in August 1988 to perform personal services in the U.S. office of his overseas employer. He was employed in the U.S. office until December 25, 1988, but did not leave this country until January 11, 1989. On January 6, 1989, he received his final pay check for services performed in the United States during 1988. All of Ted's income during his stay here is U.S. source income to Ted.

During 1988 Ted was engaged in the trade or business of performing personal services in the United States. Therefore, all amounts paid him in 1988 for services performed in the United States during 1988 are effectively connected with that trade or business during 1988.

The salary payment Ted received in January 1989 is U.S. source income to him in that tax year, and is effectively connected with a trade or business in the United States because he was engaged in a trade or business in the United States during 1988 when the services that earned the income were performed.

Trade or Business in the United States

Whether you are engaged in trade or business in the United States depends on the nature of your activities. The discussions that follow will help you determine whether you are engaged in a trade or business in the United States.

Personal services. If you perform personal services in the United States at any time during the tax year you usually are considered engaged in trade or business in the United States. Thus, you are engaged in trade or business in the United States if you perform services in this country and receive compensation such as wages, salaries, fees, tips, bonuses, honoraria, or commissions. The only exception to this rule follows.

Employees of foreign persons, organizations, or offices. If three conditions exist, your performance of personal services in the United States during the time you are a nonresident alien is not considered engaging in trade or business in the United States. The income from those services is not considered to be from U.S. sources and is tax exempt. If any one of the conditions is not met, you are considered to be engaged in trade or business in the United States and your income from personal services performed in the United States is considered to be from U.S. sources.

The three conditions are:

- 1) You perform personal services as an employee of or under a contract with a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business in the United States; or you work for an office or place of business maintained in a foreign country or possession of the United States by a U.S. corporation, a U.S. partnership, or a U.S. citizen or resident, and
- 2) You perform these services while you are a nonresident alien temporarily present in the United States for a period or periods of not more than a total of 90 days during the tax year, and
- 3) Your pay for these services is not more than \$3,000.

If your pay for personal services is more than \$3,000, the entire amount is income from sources within the United States. To find if your pay is more than \$3,000, do not include any amounts you get from your employer for advances or reimbursements of business travel expenses, if you were required to and did account to your employer for those expenses. If the advances or reimbursements are more than your expenses, include the excess in income paid to you for personal services performed.

A day means a calendar day during any part of which you are physically present in the United States.

In applying the foreign employer exception, it does not matter whether you perform services as an employee for your employer or under any form of contract with the person for whom you performed the services.

Example 1. During 1989, Henry Smythe, a nonresident alien from a nontreaty country, worked for an overseas office of a domestic partnership. Henry, who uses the calendar year as his tax year, was temporarily present in the United

States for 60 days during 1989 performing personal services for the overseas office of the partnership. He was paid by that office a total gross salary of \$2,800 for those services. During 1989 he was not engaged in trade or business in the United States.

Example 2. The facts are the same as in Example 1, except that Henry's total gross salary for the services performed in the United States during 1989 was \$4,500, of which he received \$2,875 in 1989, and \$1,625 in 1990. During 1989 he was engaged in trade or business in the United States because the compensation for his personal services in the United States was more than \$3,000.

In this example, Henry would also be considered to be engaged in a trade or business in the United States in 1990.

Note. Many tax treaties modify these conditions. For a general discussion of the possible benefits from a treaty, see *Some Typical Tax Treaty Benefits*, in Chapter 9.

Compensation paid to a nonresident alien by a foreign employer, for the period the alien is temporarily in the United States with an "F", "J", or "M" visa, is not included in gross income. For more information, see *Compensation from a Foreign Employer*, in Chapter 2.

Students and trainees. You are considered engaged in a trade or business in the United States if you are temporarily present in the United States as a nonimmigrant under subparagraphs "F", "J", or "M" of section 101(a)(15) of the Immigration and Nationality Act. Subparagraph "J" includes a nonresident alien individual admitted to the United States as an exchange visitor under the Mutual Educational and Cultural Exchange Act of 1961. Therefore, the taxable part of any scholarship or fellowship grant that is U.S. source income is treated as effectively connected with a trade or business in the United States.

Business operations. If you own and operate a business in the United States selling services, products, or merchandise, you are, with certain exceptions, engaged in trade or business in the United States.

Partnerships. If you are a member of a partnership that at any time during the tax year is engaged in trade or business in the United States, you also are considered to be engaged in trade or business here even if you are not present in the United States.

Beneficiary of an estate or trust. If you are the beneficiary of an estate or trust that is engaged in a trade or business in the United States, you are treated as being engaged in the same trade or business.

Trading in stocks, securities, and commodities. If your only U.S. business activity is trading in stocks, securities, or commodities (including hedging transactions) through a U.S. resident broker or other agent, you are not engaged in a trade or business in the United States.

For transactions in stocks or securities, this applies to any nonresident alien, including a dealer or broker in stocks and securities.

For transactions in commodities, this applies to commodities that are usually traded on an organized commodity exchange and to transactions that are usually carried out at such an exchange.

This discussion does not apply if you have a U.S. office or other fixed place of business at any time during the tax year through which, or by the direction of which, you carry out your transactions in stocks, securities, or commodities.

Trading for a nonresident alien's own account. You are not engaged in a trade or business in the United States if trading for your own account in stocks, securities, or commodities is your only U.S. business activity. This applies even if the trading is done while you are present in the

United States or done by your employee or your broker or other agent.

This does not apply to trading for your own account if you are a dealer in stocks, securities or commodities. This does not necessarily mean, however, that as a dealer you are considered to be engaged in a trade or business in the United States. That is determined on the basis of the facts and circumstances in each case or under the rules given above in *Trading in stocks, securities, and commodities*.

Effectively Connected Income

If you have a U.S. trade or business, your income (except for certain investment income discussed later) from all U.S. sources is treated as effectively connected with your U.S. trade or business. Two tests, described later, determine whether certain items of investment income (such as interest, dividends, and royalties) are treated as effectively connected with that business.

In limited circumstances, some kinds of foreign source income may be treated as effectively connected with a trade or business in the United States. These rules are discussed later under *Foreign Income*.

To determine if any item of income, gain, or loss is effectively connected with a trade or business in the United States you must consider all factors involved in the receipt of the income. A comprehensive discussion, beyond what is stated here, is outside the scope of this publication. If you are outside the United States and have a question, you should write to: Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024. In the United States, contact your local Internal Revenue Service office.

General rule. All income, gain, or loss for the tax year that you get from sources *within the United States* (other than certain investment income) is treated as effectively connected income. This applies whether or not there is any connection between the income and the trade or business being carried on in the United States during the tax year.

Investment income. Investment income from U.S. sources that may or may not be treated as effectively connected with a U.S. trade or business generally falls into three categories:

- 1) Fixed or determinable income (interest, dividends, rents, royalties, premiums, annuities, etc.),
- 2) Certain gains (some of which are considered capital gains), and
- 3) Capital gains (and losses).

Two tests, described next, are applied to determine whether an item of U.S. source income falling in one of these categories and received during the tax year *is or is not* effectively connected with your U.S. trade or business. If the tests indicate that the item of income is effectively connected, you must include it with your other effectively connected income. If the item of income is not effectively connected, include it with all other income discussed under *The 30% Tax*, later in this chapter.

Tests. The two tests described in this section are the main ones used to determine if income, other than personal service income, is effectively connected with a trade or business in the United States.

Asset-use test. This test usually applies when trade or business activities do not directly produce the income, gain, or loss. The asset-use test determines whether the item of income is from assets used in, or held for use in, the trade or business in the United States. This test is used primarily when you manufacture or sell goods in the

United States, and receive certain income, such as interest or dividends.

Business-activities test. This test determines if the activities of the U.S. trade or business were a material factor in producing the income. This test usually applies when income, gain, or loss comes directly from the active conduct of the trade or business. The business-activities test is most important when:

- 1) Dividends or interest are received by a dealer in stocks or securities,
- 2) Royalties are received in the trade or business of licensing patents or similar property, or
- 3) Service fees are earned by a servicing business.

Personal service income. You usually are engaged in a U.S. trade or business when you perform personal services in the United States. Wages, salaries, and other compensation you receive in a tax year in which you are engaged in a U.S. trade or business are effectively connected with your trade or business.

If you are engaged in a U.S. trade or business only because you perform personal services in the United States during the tax year, income and gains from assets, and gains and losses from the sale or exchange of capital assets are generally not effectively connected with your trade or business.

To be effectively connected, there must be a **direct economic relationship** between your holding of the asset (bond, stock, etc.) from which income results, and your trade or business of performing personal services. A direct economic relationship exists, for example, when you buy stock in a U.S. corporation so that you can perform personal services in the United States for the U.S. corporation.

Pensions. If you were engaged in a U.S. trade or business in a tax year because you performed personal services in the United States, and you later receive a pension or retirement pay as a result of these services, the retirement pay is effectively connected income in each year you receive it. This is true whether or not you are engaged in a U.S. trade or business in the year you receive the retirement pay.

Foreign Income

Under limited circumstances, you must treat three kinds of foreign source income as effectively connected with a trade or business in the United States. These circumstances are: you must have an office or other fixed place of business in the United States to which the income can be attributed; that office or place of business must be a **material factor** in producing the income; and the income must be produced in the ordinary course of the trade or business carried on through that office or other fixed place of business.

The three kinds of foreign source income are:

- 1) Rents and royalties for the use of, or for the privilege of using, intangible personal property located outside the United States or from any interest in such property, including rents or royalties for the use, or for the privilege of using, outside the United States, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and similar properties if the rents or royalties are from the active conduct of a trade or business in the United States,
- 2) Dividends or interest from the active conduct of a banking, financing, or similar business in the United States, or from a corporation the principal business of which is trading in stocks or securities for its own account, or
- 3) Income, gain, or loss from the sale outside the United States—through the U.S. office or other fixed place of business—of stock in trade, property that would be included in

inventory if on hand at the end of the tax year or property held primarily for sale to customers in the ordinary course of business. This will not apply if the property is sold for consumption, or disposition outside the United States and an office or other fixed place of business in a foreign country was a material factor in the sale.

Tax on Effectively Connected Income

Income you receive during the tax year that is effectively connected with your trade or business in the United States is, after allowable deductions, taxed at the rates that apply to U.S. citizens and residents. Generally, you can receive effectively connected income only if you are a nonresident alien engaged in trade or business in the United States. For exceptions, see item (4) below under *Choice in Treating Real Property Income*. Your effectively connected gross income is:

- 1) All income (other than income described under *The 30% Tax*) that is from U.S. sources for the tax year,
- 2) Certain income and gains, discussed in *The 30% Tax*, that are determined to be effectively connected,
- 3) Specified types of income from foreign sources, but only in limited circumstances discussed above, and
- 4) Income from the sale or exchange of property, the performance of services, or a transaction in another tax year, if it would have been effectively connected in the year the transaction took place or the services were performed.

Wages. All compensation received by you during the tax year for services performed in the United States during that year is effectively connected with a trade or business in the United States except in certain cases (see the earlier discussion of *Personal Services* under *Trade or Business in the United States*, and the discussion in *Choice in Treating Real Property Income*). Compensation received in a year other than the year the services were performed is effectively connected if it would have been effectively connected if received in the year the services were performed.

Common types of personal service compensation are wages, salary, commission, per diem allowances, and employee allowances and bonuses. Compensation in the form of services or property.

Business profits and losses, and sales. All profits or losses from U.S. sources are from the operation of a business in the United States, including a share of profits or loss in a partnership that is engaged in a trade or business in the United States, are effectively connected with a trade or business in the United States. For example, profit from the sale in the United States of inventory property purchased either in the United States or in a foreign country is effectively connected trade or business income.

Transportation income. Gross transportation income from U.S. sources is taxed at the 4% unless the income is effectively connected with the conduct of a U.S. trade or business. Transportation income is effectively connected with a U.S. trade or business, it is taxed at graduated tax rates. If you receive transportation income subject to the 4% tax, you show the tax and show it on line 50 of Form 1041.

Real Property Gain or Loss

Gains and losses from the sale or exchange of U.S. real property interests (whether or not they are capital assets) are taxed as if you were engaged in a trade or business in the United States.

the gain or loss is treated as effectively connected with that trade or business.

U.S. real property interest. This is any interest 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. Real property includes:

- 1) Land and unsevered natural products of the land, such as growing crops, timber, mines, wells, and other natural deposits,
- 2) Improvements on land, including buildings, other permanent structures, and structural components of these, and
- 3) Personal property associated with the use of real property, such as farming, mining, or construction equipment or property used in lodging facilities or rented office space, unless the personal property is disposed of more than one year before or after the disposition of the real property, or is separately sold to persons unrelated either to the seller or to the buyer of the real property.

A corporation is a U.S. real property holding corporation if the fair market value of the corporation's U.S. real property interests are at least 50% of the total fair market value of:

- 1) The corporation's U.S. real property interests, plus
- 2) The corporation's interests in real property located outside the United States, plus
- 3) The corporation's other assets that are used in or held for use in a trade or business.

You generally are subject to tax on the sale of the stock in any domestic corporation unless you establish that the corporation is *not* a U.S. real property holding corporation.

A U.S. real property interest does not include a class of stock of a corporation that is regularly traded on an established securities market, unless you hold more than 5% of the fair market value of that class of stock. An interest in a foreign corporation owning U.S. real property generally is not a U.S. real property interest unless the corporation chooses to be treated as a domestic corporation. If you are outside the United States, you can get more information about this and other rules for establishing that a corporation is not a U.S. real property holding corporation from the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

Alternative minimum tax. There is a minimum tax on your net gain from the disposition of U.S. real property interests. Figure this tax on Form 6251, *Alternative Minimum Tax—Individuals*. Complete Form 6251 through line 14. The amount to enter on line 15 may not be less than 21% of the smallest of:

- 1) Your alternative minimum taxable income (line 8, Form 6251), or
- 2) Your net gain from the disposition of real property interests.

The instructions for Form 1040NR contain a *Worksheet* to help you figure the amount to enter on line 15, Form 6251.

Find your net gain from the disposition of U.S. real property interests for a tax year by reducing your gains from dispositions of U.S. real property interests in that year by any losses from these dispositions in the same year. Also reduce your gains by any losses from a trade or business, losses from transactions entered into for profit, and casualty or theft losses. Complete the rest of Form 6251 to find your alternative minimum tax.

Withholding of tax. If you dispose of a U.S. real property interest, the buyer may have to withhold tax. See the discussion of *Tax Withheld on Real Property Sales*, in Chapter 8.

If you are outside the United States and need more information, write to the Internal Revenue

Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

The 30% Tax

Tax at a 30% (or lower treaty) rate applies to certain items of income or gains from U.S. sources but only if the items are *not* effectively connected with your U.S. trade or business.

Fixed or determinable income. The 30% (or lower treaty) rate applies to the gross amount of U.S. source fixed or determinable annual or periodic gains, profits, or income. Items specifically included as fixed or determinable income are interest (other than original issue discount), dividends, rents, premiums, annuities, salaries, wages, and other compensation. Other items of income, such as royalties, also may be subject to the 30% tax.

Government obligations. Interest on obligations of a state or political subdivision, the District of Columbia, or a U.S. possession, generally is not included in income and is therefore not subject to the 30% tax. However, interest on certain private activity bonds, arbitrage bonds, and certain bonds not in registered form is included in income and may be subject to the 30% tax.

Portfolio interest that you receive as a non-resident alien on obligations issued after July 18, 1984, is exempt from the 30% tax. Portfolio interest is interest (including original issue discount) from U.S. sources that is paid on obligations:

- 1) Not in registered form (bearer obligations) that are sold only to foreign investors, and the interest on which is payable only outside the United States and its possessions, and that has on its face a statement that any U.S. person holding the obligation will be subject to limitations under the U.S. income tax laws,
- 2) In registered form that are targeted to foreign markets and the interest on which is paid through financial institutions outside the United States, or
- 3) In registered form that are *not* targeted to foreign markets, if you furnish the payer of the interest (or the withholding agent) a statement that you are not a U.S. person. This statement can be made on a Form W-8, *Certificate of Foreign Status*, or on a substitute form similar to Form W-8. In either case, the statement must be signed under penalties of perjury, must certify that you are not a U.S. citizen or resident, and must include your name and address.

Portfolio interest does not include interest that you receive on an obligation issued by a corporation or a partnership of which you own, respectively, directly or indirectly, 10% or more of the total voting power of all classes of voting stock or 10% of the capital or profits interests.

Original issue discount. If you sell or exchange, or receive a payment on an original discount obligation, the 30% (or lower treaty) tax rate applies to all or part of the original issue discount (other than portfolio interest) that accrued while you held the obligation. Original issue discount is any excess of the stated redemption price at maturity of an obligation (bond, note, or other debt obligation), over its issue price.

For purposes of the 30% rate, an original issue discount obligation does not include any obligation payable 183 days or less from the date of original issue (regardless of how long you held the obligation). Nor does it include an obligation, such as a state or local government bond, that generates tax-exempt interest. Get Publication 550, *Investment Income and Expenses*, for more information on original issue discount.

Social security benefits. One-half of any U.S. social security benefit (and the social security equivalent part of a tier 1 railroad retirement benefit) received by a nonresident alien is included in U.S. source fixed or determinable annual or periodic income that is subject to the 30% tax, unless exempt by treaty.

Under the treaties with Canada, Egypt, Italy, Japan, Malta, Romania, and the United Kingdom, U.S. social security benefits received by residents of those countries are exempt from U.S. tax. Residents of all other countries are subject to tax at the full rate of 30% on one-half of their benefits.

Sales or exchanges of capital assets. Ordinarily, capital gains and losses from sources in the United States, realized by a nonresident alien (whether or not the alien is engaged in a trade or business in the United States) during the tax year, are treated according to the rules discussed here. These rules apply only to those capital gains and losses from sources in the United States that are *not* effectively connected with a trade or business in the United States. These rules do not apply to the sale or exchange of a U.S. real property interest. See the discussion of *Real Property Gain or Loss*, earlier under *Tax on Effectively Connected Income*.

Present in the United States for 183 days or more. If you have been in the United States for 183 days or more during the tax year, your gains from U.S. sources from the sale or exchange of capital assets that are more than your losses from U.S. sources from these sales or exchanges are taxed at a 30% (or lower treaty) rate. This rule applies even if any of the transactions occur while you are *not* in the United States.

To determine the excess of gains over losses, your gains and losses will be considered effectively connected with your trade or business in the United States during the tax year. Thus, you can take into account, in arriving at your net gain, all gains and losses treated under U.S. tax laws as gains or losses from the sales or exchanges of properties that are capital assets.

To determine the excess of gains over losses, you *cannot* take the deduction for a capital loss carryover into account.

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

If you are not engaged in a trade or business in the United States and have not established a tax year for a prior period, your tax year will be the calendar year for purposes of the 183-day rule. Also, you must file your tax return on a calendar-year basis.

Present in the United States less than 183 days. If you have been in the United States for less than 183 days during the tax year, gains from sales or exchanges of capital assets are tax exempt unless they are:

- 1) Gains on lump-sum distributions from exempt employees' pension, profit-sharing, or stock bonus trusts,
- 2) Gains on lump-sum payments under certain qualified employee annuity plans,
- 3) Gains on the disposal of timber, coal, or domestic iron ore with a retained economic interest, unless an election is made to treat such gains as income effectively connected with a trade or business in the United States,
- 4) Gains on contingent payments received from the sale or exchange of patents, copyrights, and similar property after October 4, 1966,
- 5) Gains on certain transfers of all substantial rights to, or an undivided interest in, patents if the transfers were made before October 5, 1966, and
- 6) Gains on the sale or exchange of original issue discount obligations, as discussed earlier.

You may want to read Publication 544, *Sales and Other Dispositions of Assets*. Remember, however, that you are interested only in determining what is a sale or exchange of a capital asset, or what is treated as such. Specific tax treatment, that applies to U.S. citizens or residents, generally does not apply to you.

Questions from aliens outside the United States about income taxed at the 30% rate should be sent to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

Trade or business in the United States. If you are a nonresident alien individual engaged in trade or business in the United States, your gains and losses from the sale in the United States of capital assets will be taxed in one of two ways.

First, the excess of gains over losses from the sale or exchange of capital assets is taxed at a flat 30% (or lower treaty) rate if the gains and losses are not effectively connected with your trade or business in the United States for the tax year. See *The 30% Tax*, discussed earlier.

Second, if gains and losses from the sale or exchange of capital assets are connected with your trade or business in the United States, they are taxed under the rules that apply to citizens and residents of the United States. Get Publication 544 for information on how to report these gains and losses.

Reporting. You cannot offset losses that are not effectively connected against effectively connected gains. Report your net gain from the sale or exchange of capital assets that is not connected with a trade or business in the United States on page 4 of Form 1040NR. Report gains and losses from sales or exchanges of capital assets (including real property) that are connected with a trade or business in the United States on a separate Schedule D (Form 1040), *Capital Gains and Losses*, and attach it to Form 1040NR.

Choice in Treating Real Property Income

If you are a nonresident alien and during the tax year you have income from real property located in the United States that you own or have an interest in and hold for the production of income, you can choose to treat all income from that property as income effectively connected with a trade or business in the United States. The choice applies to all income from real property, or any interest in real property, located in the United States and held for the production of income, including rents or royalties from mines, oil or gas wells, or other natural resources.

You can make this choice only for real property income that is not otherwise connected with your U.S. trade or business.

If you make the choice, you can claim deductions attributable to the real property income and only your net income from real property is taxed.

This choice does not treat a nonresident alien, who is not otherwise engaged in a U.S. trade or business, as being engaged in a trade or business in the United States during the year.

Making the choice. Make the initial choice by attaching a statement that you are making the choice to your return, or amended return, for the year of the choice. Include in your statement:

- 1) A complete list of all your real property, or any interest in real property, located in the United States,
- 2) The extent of your ownership in the property,
- 3) The location of the property,
- 4) A description of any major improvements to the property, and
- 5) Details of any previous choices and revocations of the real property income choice.

This choice stays in effect for all later tax years unless you revoke it with the consent of the Commissioner of Internal Revenue.

For more information about revoking an initial choice and making another choice, write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

5. Figuring Your Tax on Form 1040 or Form 1040NR

The discussions of income and allowable deductions, credits, and exemptions are not as comprehensive for resident aliens as they are for nonresident aliens. Resident aliens should get our publications (as well as forms and instructions) for U.S. citizens, because the information for filing returns for resident aliens is generally the same as for U.S. citizens. The instructions for Form 1040A or Form 1040 are also helpful for filing a resident alien tax return.

If you are both a nonresident alien and a resident alien in the same tax year, see Chapter 6 for a discussion of dual-status aliens.

Resident Aliens

If you are a resident alien for the entire tax year, file your income tax return on Form 1040EZ, Form 1040A, or Form 1040.

Joint return. Generally, you can file a joint return only if both you and your spouse were resident aliens for the entire tax year, or if you make one of the choices discussed in Chapter 1 under *Choosing to be taxed as a resident alien for the entire tax year, or Nonresident Spouse Treated as a Resident*.

Qualifying widow(er). If your spouse died in 1987 or 1988, you have not remarried, and you have a dependent child living with you, you may qualify to use the joint return tax rates. See the instructions for Form 1040 for the rules for filing as a qualifying widow(er) with a dependent child.

Head of household. If you are a resident alien married to a nonresident alien (and do not choose to treat your spouse as a resident alien), you can qualify as a head of household if you pay the expenses for a household for a relative other than your spouse, for example, your son, daughter, stepchild, or dependent parent. (See the instructions for Form 1040 for the rules for qualifying as head of household.)

If you file as single, as married filing separately, or as married filing jointly, use the same Tax Table and Tax Rate Schedules that U.S. citizens use to figure your income tax liability.

Nonresident Aliens

If you are a nonresident alien who must file a return, use Form 1040NR, *U.S. Nonresident Alien Income Tax Return*. When preparing your income tax return, you will find the instructions for Form 1040NR helpful. They explain line-by-line how to complete the form. Also see the illustrated Form 1040NR at the end of this chapter.

Joint return. Generally, you cannot file a joint return if either spouse was a nonresident alien at any time during the tax year.

However, nonresident aliens married to U.S. citizens or residents can choose to be treated as

U.S. residents and file joint returns. For more information, see *Nonresident Spouse Treated as Resident*, in Chapter 1.

Qualifying widow(er). If you were a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. national whose spouse died in 1987 or 1988, and you have a dependent child living with you, you may qualify to use the joint return tax rates. See the instructions for Form 1040NR for the rules for filing as a qualifying widow(er) with a dependent child.

Head of household. You cannot file as head of household if you are a nonresident alien at any time during the tax year. However, if you are a nonresident alien married to a resident alien U.S. citizen (and you do not choose to be treated as a resident alien), your spouse can qualify as head of household if he or she pays the expenses for a household for a relative other than you, for example, a son, daughter, stepchild, or dependent parent. A spouse is not a dependent for this purpose.

Married filing separately. Married nonresident aliens who are not married to U.S. citizens or residents must use the Tax Table column of the Tax Rate Schedule for married filing separately returns when determining the tax on income effectively connected with a U.S. trade or business. They cannot use the Tax Table column of the Tax Rate Schedule for single individuals.

Nonresident aliens who are married to U.S. citizens or residents can choose to be treated as a resident and file a joint return. See *Nonresident Spouse Treated as a Resident*, in Chapter 1. You do not make the choice to file jointly, use the Tax Table column or the Tax Rate Schedule for married individuals filing separately.

A nonresident alien estate or trust using Form 1040NR must use Tax Rate Schedule W. Form 1040NR instructions when determining tax on income effectively connected with a trade or business.

Special rules for aliens from certain possessions. A nonresident alien who is a resident of American Samoa or Puerto Rico for the entire tax year and who is temporarily working in the United States should read *Fide Residents of American Samoa or Puerto Rico*, at the end of this chapter for information about special rules.

Nonresident aliens who are bona fide residents of the Virgin Islands file their returns with the Virgin Islands. Aliens who are residents of the Commonwealth of the Northern Mariana Islands file their returns with those jurisdictions. See *When and Where to File*, in Chapter 1.

Identification Number

If you are a resident alien who must file an income tax return, you must get a taxpayer identification number. If you are a nonresident alien, you may or may not have to get a taxpayer identification number.

Resident aliens. You must include your taxpayer identification number on your U.S. income tax return. When you start earning income from U.S. tax, you must apply for this number and your social security number. Apply for your number on Form SS-5, which you can get from Social Security Administration offices.

Nonresident aliens. If you are a nonresident alien engaged in a trade or business in the United States, you must get a taxpayer identification number. Generally, this number is your taxpayer identification number. Apply for your number using the instructions which you can get at Social Security Administration offices. If you have applied for a number and have not yet received it, you should indicate "applied for" on your return.

If you must use an identification number and you do not have a social security number,

not otherwise required to get one (such as when you are a limited partner in a partnership), you may instead use an identifying number issued by the Internal Revenue Service for federal tax purposes. This number is similar to a social security number but begins with the number 9. For more information on how to get an identifying number, write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 Entfent Plaza South, S.W., Washington, DC 20024.

Reporting Your Income

You must report each item of income that is taxable according to the rules in Chapters 2 and 4 on Form 1040NR or Form 1040. For resident aliens, this includes income from sources both within and outside the United States. For nonresident aliens, this includes both income that is effectively connected with a trade or business in the United States (subject to graduated tax rates) and income from U.S. sources that is not effectively connected (subject to a flat 30% tax rate or lower tax treaty rate).

Deductions

Resident and nonresident aliens are allowed similar deductions on their U.S. tax returns. However, a nonresident alien is only allowed the deductions from income that is effectively connected with their U.S. trade or business.

Resident Aliens

You can claim the same deductions allowed to U.S. citizens if you are a resident alien for the entire tax year. While the discussion that follows contains some of the same general rules and guidelines that apply to you, it is specifically directed toward nonresident aliens. You should consult Form 1040 and instructions for more information on how to claim your allowable deductions.

Nonresident Aliens

You are allowed deductions from gross income to figure your effectively connected taxable income. You generally are not allowed deductions from income that is not connected with your U.S. business activities. Except for personal exemptions, and certain itemized deductions, discussed later, deductions are allowed only if and to the extent they are connected with your effectively connected income.

Travel expenses. You may be able to deduct your ordinary and necessary travel expenses in performing personal services in the United States. You must be able to show you were present in the United States on an activity that required your temporary absence from your regular place of work.

For example, if you have established a "tax home" through regular employment in a foreign country, and intend to return to similar employment in the same country at the end of your temporary stay in the United States, you can deduct reasonable travel expenses you paid. You cannot deduct travel expenses for other members of your family or party.

Length of assignment. A U.S. assignment that is expected to last, or actually lasts, 2 years or more is not temporary. If an assignment is expected to last, and does last, for 1 year or more but less than 2 years, it is presumed to be not temporary. Generally, under these circumstances, you cannot deduct expenses for transportation, meals, and lodging while away from home. However, if you expect the assignment to last, and it does last, more than a year but less than 2 years, and you expect to return to your tax home abroad after the assignment, you may be able to put the presumption under certain

circumstances, so that travel expenses will be deductible. Three questions are important in showing that your foreign home is really your regular place of abode and therefore that your U.S. assignment was temporary. These questions are:

- 1) Did you use your claimed home in a foreign country as a residence just before your assignment in the United States, and did you continue to maintain work contacts (job seeking, leave of absence, etc.) in that area during your U.S. assignment?
- 2) Were your living expenses duplicated at the U.S. and foreign homes because you had to be close to your job location in the United States?
- 3) Did you have one or more family members living at your claimed home in the foreign country during your absence, or did you continue to use your claimed residence frequently during the period of U.S. employment?

If you can answer "yes" to all three questions, your U.S. assignment is temporary and you can deduct your travel expenses. If you can answer "yes" to only two of the questions, all the facts and circumstances determine whether the assignment is temporary. If you cannot answer "yes" to at least two of the questions, your assignment is not temporary and you cannot deduct your travel expenses.

If you expect your assignment to last less than one year, all the facts and circumstances determine whether or not the assignment is temporary.

Deductible expenses. If you qualify, you can deduct your expenses for:

- 1) Transportation—airfare, local transportation, including train, bus, etc.,
- 2) Lodging—rent paid, utilities (not including telephone), hotel or motel room expenses (receipts are required for all lodging expenses unless your employer reimbursed you by a daily amount not more than the government rate in effect at the time and in the area of your travel),
- 3) Meal expenses—actual expenses allowed if you keep records of the amounts, or, if you do not wish to keep detailed records, you are allowed either \$26 or \$34 a day depending on the area of your travel.

You can only deduct 80% of meal expenses and your total expenses are subject to a limitation of 2% of adjusted gross income (discussed below).

You need Form 2106, *Employee Business Expenses*, to report your allowable expenses and to figure the 80% limitation mentioned above. The correctly completed form gives you the amount of allowable expenses that you must claim on Schedule A of Form 1040NR and that are subject to a 2% of adjusted gross income (line 30 of Form 1040NR) limitation. This limitation is computed on line 7d of Schedule A, Form 1040NR. See the completed Form 1040NR and Form 2106 at the end of this chapter.

You cannot deduct an expense, or part of an expense, that can be allocated to U.S. tax-exempt income.

For more information about travel expenses, get Publication 463, *Travel, Entertainment, and Gift Expenses*.

Ordinary and necessary business expenses. You can deduct all ordinary and necessary expenses in the operation of your U.S. trade or business to the extent they relate to income effectively connected with that trade or business. For information about business expenses, see Publication 535, *Business Expenses*.

Losses. You can deduct losses resulting from a transaction that you entered into for profit and that you were not reimbursed for by insurance, etc., if, and to the extent that, they relate to income that is

effectively connected with a trade or business in the United States.

Individual retirement arrangement (IRA). You may qualify to establish your own retirement arrangement whether or not you are covered by a qualified retirement plan. If you are not covered by a retirement plan at work, you can make tax-deductible contributions to this program equal to the lesser of your compensation effectively connected with your U.S. trade or business, or \$2,000 each year. If you are covered by a plan at work, you can make contributions to your own IRA, but you can only deduct these contributions subject to certain limitations.

For more information, see Publication 590, *Individual Retirement Arrangements (IRAs)*.

Self-employed health insurance costs. If you are self-employed, you may be able to deduct up to 25% of what you pay for health insurance for you, your spouse, and dependents. To take this deduction, you must have net earnings from self-employment that are effectively connected with your U.S. trade or business. The Form 1040NR instructions have a *Worksheet* you can use to figure your deduction.

Keogh (H.R. 10) retirement plan. Besides deducting contributions to an IRA, you may be entitled to a limited deduction for contributions to a qualified plan that provides retirement benefits for yourself either as a sole proprietor or as a partner of a partnership, if you have earned income from personal services performed for that trade or business. To make deductible contributions, you must have net earnings from self-employment that are effectively connected with your U.S. trade or business.

Further information is contained in Publication 560, *Self-Employed Retirement Plans*.

Interest penalty on early withdrawal of savings. You must include in income all effectively connected interest income you receive or that is credited to your account during the year, without reduction for any penalty you must pay on an early withdrawal from a time savings account. However, if the interest income is effectively connected with your U.S. trade or business during the year, you may deduct the amount of the early withdrawal penalty charged by the banking institution. The Form 1099-INT you receive from the banking institution will show the penalty charged in the *Early withdrawal penalty* block.

Personal Exemptions

While resident aliens can claim personal exemptions and exemptions for dependents in the same way as U.S. citizens, nonresident aliens are generally only allowed to claim a personal exemption for themselves on their U.S. tax return.

Resident Aliens

You can claim personal exemptions and exemptions for dependents according to the dependency rules for U.S. citizens. You can claim an exemption for your spouse if your spouse had no gross income for U.S. tax purposes and was not the dependent of another taxpayer. You can claim this exemption even if you do not choose to file a joint return, and even if your spouse has not been a resident alien for a full tax year or is an alien who has not come to the United States.

If you file a joint return, your nonresident alien spouse must get a social security number (see *Identification Number*, earlier). If you file a separate return, and your nonresident alien spouse does not have a social security number, check the "Spouse" block on Form 1040, line 6b, and enter "NRA" in the block for your spouse's social security number.

You can claim an exemption for each person who qualifies as a dependent according to the rules for U.S. citizens if the dependent is a citizen or national of the United States; or is a resident of

the United States, Canada, or Mexico for some part of the calendar year in which your tax year begins. Get Publication 501, *Exemptions, Standard Deduction, and Filing Information*, for more information.

Nonresident Aliens

Generally, if you are a nonresident alien engaged in a trade or business in the United States, you are allowed only one personal exemption (\$2,000 for 1989).

If you are a resident of Mexico or Canada or a national of the United States, you can also claim a personal exemption for your spouse if your spouse had no gross income for U.S. tax purposes and was not the dependent of another taxpayer. In addition, exemptions for your dependents can be claimed. Residents of Mexico or Canada must use the same rules as U.S. citizens to determine who is a dependent. See Publication 501 for these rules.

Residents of Japan or the Republic of Korea. Nonresident aliens who are residents of Japan or the Republic of Korea may be able to claim exemptions for a spouse and children. The tax treaties with Japan and Korea impose two additional requirements on Japanese or Korean residents:

- 1) The spouse and all children claimed must live with the alien in the United States at some time during the tax year, and
- 2) The additional deduction for the exemptions must be prorated based on the ratio of the alien's U.S. source gross income effectively connected with a U.S. trade or business for the tax year to the alien's entire income from all sources during the tax year.

Example. Mr. Sato, a nonresident alien, resident of Japan, lives temporarily in the United States with his wife and two children. During the tax year he receives U.S. compensation of \$9,000, and \$3,000 of income from sources outside the United States that is not effectively connected with his U.S. trade or business. Mr. Sato meets all requirements for claiming exemptions for his spouse and two children. The amount of the additional deduction is \$4,500, figured as follows: \$9,000, U.S. compensation effectively connected with a U.S. trade or business, over \$12,000, total income for the year (\$9,000 plus \$3,000), times \$6,000 ($\$2,000 \times 3$).

Itemized Deductions

Many of the itemized deductions that can be claimed by nonresident aliens are the same as those allowed to resident aliens. However, nonresident aliens can only claim most itemized deductions if they have income effectively connected with their U.S. trade or business.

Resident Aliens

You can claim the same itemized deductions as U.S. citizens, using Schedule A of Form 1040. These deductions include certain medical and dental expenses, state and local income taxes and real estate taxes, interest you paid on a home mortgage and personal interest you paid (subject to certain limitations), charitable contributions, casualty and theft losses, moving expenses, and miscellaneous deductions.

If you do not itemize your deductions, you can claim the standard deduction for your particular filing status. For further information, see Form 1040 and instructions.

Nonresident Aliens

You can deduct certain itemized deductions if you receive income effectively connected with your U.S. trade or business. These deductions include state and local income taxes, moving expenses, and miscellaneous deductions. You can deduct

charitable contributions to qualified organizations and casualty and theft losses whether or not you have any effectively connected income. Use Schedule A of Form 1040NR to claim itemized deductions.

State and local income taxes. If during the tax year, you receive income that is connected with a trade or business in the United States, you can deduct state and local taxes you paid on that income.

Charitable contributions. You can deduct your charitable contributions or gifts to qualified organizations that are religious, charitable, educational, scientific, or literary in nature. You also can deduct contributions to organizations that work to prevent cruelty to children or animals and to promote national or international amateur sports competition.

Gifts of appreciated property. If you make a charitable contribution of appreciated property that, if sold in the United States at the time of the contribution, would result in ordinary income or short-term capital gain subject to the graduated tax rates (as effectively connected income), you must reduce the contribution by the amount of ordinary income or short-term capital gain that would have been realized had the property been sold.

If you make a charitable contribution to a qualified organization of appreciated property that, if sold in the United States at the time of the contribution would result in a gain subject to the 30% (or lower treaty) tax rate (as a gain not connected with a U.S. trade or business), the gain is treated as long-term capital gain to determine the deductible contribution of appreciated property.

You must reduce a contribution of long-term capital gain property by the gain that would have resulted if the property was sold at its fair market value at the time of the contribution if:

- 1) You contribute the capital gain property to certain private nonoperating foundations,
- 2) The capital gain property is tangible personal property that is put to an unrelated use by the qualified charity, or
- 3) You choose to limit the amount of your contributions of capital gain property to 50%, instead of 30%, of your adjusted gross income.

The amount you can deduct in a tax year is limited in the same way it is for a citizen or resident of the United States.

To figure the limits on your deductible contributions, base these limits on effectively connected income or on income from real property that you choose to treat as effectively connected with a trade or business in the United States.

For a discussion of charitable contributions, get Publication 526, *Charitable Contributions*.

Casualty and theft losses. You can deduct your loss from fire, storm, shipwreck, or other casualty, or theft of property even though your property is not connected with a trade or business. However, the property must be located in the United States at the time of the casualty or theft. You can deduct theft losses only in the year in which you discover the loss.

You can deduct the fair market value of the property just before the casualty, less its fair market value immediately after the casualty (but not more than its cost or adjusted basis), reduced by any insurance or other compensation you receive. You cannot deduct the first \$100 of each casualty or theft loss to property held for personal use. Furthermore, you can only deduct the total of all casualty and theft losses for the year, after subtracting the first \$100 of each loss, to the extent it is more than 10% of adjusted gross income for the year.

Figure your deductible casualty and theft losses on Form 4684, *Casualties and Thefts*, and deduct them on line 5 of Schedule A, Form 1040NR.

Moving expenses. If you are a nonresident temporarily in the United States earning income for performing personal services, you deduct moving expenses to the United States.

- 1) You are a full-time employee for at least 78 weeks during the 12 months right after you move, or if you are self-employed, you are full time for at least 39 weeks during the 12 months and 78 weeks during the 24 months right after you move, and
- 2) Your new job location is at least 35 miles farther (by the shortest commonly traveled route) from your former home than your former job location was. If you had no former job location, the new job location must be at least 35 miles from your former home.

You cannot deduct the moving expenses you have when returning to your home abroad. A resident alien cannot deduct expenses of a move to a foreign job site.

Figure your deductible moving expenses on United States Form 3903, *Moving Expenses*, and deduct them on Schedule A, line 6 of Form 1040NR.

For more information on the moving expense deduction, see Publication 521, *Moving Expenses*.

Moving expense v. travel expense. You can deduct moving expenses to the United States while temporarily away from your tax home in a foreign country for the same time period. The expenses are based on a change in your place of business while travel expenses are on your temporary absence from your principal place of business.

Miscellaneous deductions. You can deduct business expenses such as allowable un reimbursed travel and living expenses discussed earlier.

Generally, allowable miscellaneous deductions must be related to effectively connected income and include expenses such as:

- Union dues,
- Safety equipment and small tools needed for your job,
- Dues to professional organizations,
- Subscriptions to professional journals,
- Tax return preparation fees.

Most miscellaneous deductions are subject to a 2% of adjusted gross income limit. For more information on miscellaneous deductions, see instructions for Form 1040NR.

If you do not itemize your deductions on Schedule A, you are not allowed the miscellaneous deduction. If you do not have any allowable itemized deductions, put a zero on line 32 of Form 1040NR.

Tax Payments and Credits

This discussion covers tax payments and credits for resident aliens, followed by a discussion of tax payments and credits for nonresident aliens.

Resident Aliens

Resident aliens generally report tax with other tax payments and claim tax credits under the same rules that apply to U.S. citizens.

Child care credit. If you pay someone for your dependent who is under age 13, a disabled dependent or disabled spouse, you can work or look for work, you may take a child care credit of up to 30% (based on your income) of the amount you paid for care.

For more information get Publication 504, *Child and Dependent Care Expenses*, and Publication 505, *Child and Dependent Care Expenses*.

121

Credit for the elderly or the disabled. You can claim this credit on Form 1040 using Schedule R if you are 65 or over or if you are permanently and totally disabled regardless of your age. For further information on this credit, get Publication 524, *Credit for the Elderly or the Disabled*.

Foreign tax credit. You can claim a credit, subject to certain limits, for income tax you paid or accrued to a foreign country on foreign source income. You cannot claim a credit for taxes paid or accrued on excluded foreign earned income. To claim a credit for income taxes paid or accrued to a foreign country, file Form 1116, *Computation of Foreign Tax Credit*, with your Form 1040.

For more information, get Publication 514, *Foreign Tax Credit for Individuals*.

Earned income credit. If you are married and file a joint return, or you file as head of household or as a qualified widow(er), and live with your child in your main home in the United States, you may qualify for the **earned income credit** if both your earned income and your adjusted gross income are less than \$19,340. The credit can be as much as \$910. For more information, get Publication 596, *Earned Income Credit*.

Nonresident Aliens

You can claim some of the same credits as resident aliens as discussed below. You can also take credit for certain taxes you paid, are considered to have paid, or that were withheld from your income. However, some of these credits are allowed only if you receive effectively connected income.

Child care credit. If you pay someone to care for your dependent who is under age 13, or your disabled dependent or disabled spouse, so that you can work or look for work, you may be able to take a tax credit of up to 30% (depending on your income) of the amount you paid.

Married nonresident aliens can claim the credit only if they choose to file a joint return with a U.S. citizen or resident spouse as discussed in Chapter 1, or if they qualify as certain married individuals living apart.

Limits. There are two limits in figuring the child care credit.

First, the amount of the expense that qualifies for the credit in any tax year cannot be more than your earned income for that tax year (if married, the lesser of your earned income or the earned income of your spouse). Earned income generally means wages, salaries, and professional fees for personal services performed.

Second, the credit is between 20% and 30% (depending on your income) of the amount paid during the tax year. However, the amount of your payments that is eligible for the credit is limited to \$2,400 for one qualifying dependent, or \$4,800 for two or more qualifying dependents.

For more information, get Publication 503, *Child and Dependent Care Expenses*.

Foreign tax credit. If you receive income from sources outside the United States that is effectively connected with a trade or business in the United States, you can claim a credit for any income taxes paid or accrued to any foreign country or U.S. possession on that income. You cannot take any credit for taxes imposed by a foreign country or U.S. possession on your U.S. source income if those taxes were imposed because you are a citizen or resident of the foreign country or possession.

To determine any foreign tax credit you can take, your taxable income is only the taxable income effectively connected with a trade or business in the United States. If you claim a foreign tax credit, attach to your return a Form 1116, *Computation of Foreign Tax Credit*, which contains additional information about the credit and limits.

If you do not have foreign source income effectively connected with a U.S. trade or business, you cannot claim credits against your U.S.

tax for taxes paid or accrued to a foreign country or U.S. possession.

Credit for prior year minimum tax. You may be able to reduce your 1989 tax by this credit if you paid alternative minimum tax in 1988. Get Form 8801, *Credit for Prior Year Minimum Tax*, to see if you qualify for the credit.

Earned income credit. You may qualify for the earned income credit only if your adjusted gross income is less than \$19,340, you received earned income, and you qualify for the special status of qualifying widow(er) with a dependent child. See Publication 596, *Earned Income Credit*, for more information.

Withholding from wages. Any federal income tax withheld from your wages during the tax year while you were a nonresident alien is allowed as a credit against your U.S. income tax liability for the same year. You can claim the credit for income tax withheld whether or not you were engaged in trade or business in the United States during the year, and whether or not the wage payment (or any other payment) was connected with a trade or business in the United States.

Excess social security tax withheld. If you have two or more employers, you may be able to claim a credit against your U.S. income tax liability for social security taxes withheld in excess of the maximum required. See *Social Security Tax*, in Chapter 8 for more information. Use the worksheet in the Form 1040NR instructions to compute excess social security tax withheld.

Regulated investment company credit. If you are a shareholder in a regulated investment company or mutual fund, you can claim a credit for your share of any taxes paid by the company on its undistributed capital gains. You will receive information on Form 2439, which you must attach to your return.

Tax withheld at the source. You can claim a credit for any tax withheld at the source on investment and other fixed or determinable annual or periodic income paid to you. Fixed or determinable income includes interest, dividend, rental, and royalty income that you do not claim to be effectively connected income. Wage or salary payments can be fixed or determinable income to you, but usually are subject to withholding as discussed above. Taxes on fixed or determinable income are withheld at a 30% rate or at a lower treaty rate.

Tax withheld on partnership income. If you are a foreign partner in a partnership, the partnership will withhold tax on your share of effectively connected taxable income from the partnership. The partnership will give you a statement on Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, showing the tax withheld. Claim the tax withheld as a credit on line 61b of Form 1040NR.

Bona Fide Residents of American Samoa or Puerto Rico

If you are a nonresident alien who is a bona fide resident of American Samoa or Puerto Rico for the entire tax year, you generally are taxed the same as resident aliens. You file Form 1040 and report all income from sources both in and outside the United States.

Residents of Puerto Rico. If you are a bona fide resident of Puerto Rico for the entire year, you can exclude from gross income all income from sources in Puerto Rico (other than amounts for services performed as an employee of the United States or any of its agencies).

If you report income on a calendar year basis and you do not have wages subject to withholding,

you file your return and pay your tax by June 15. You must also make your first payment of estimated tax by June 15. You cannot file a joint income tax return or make joint payments of estimated tax. However, if you are married to a U.S. citizen or resident, see *Nonresident Spouse Treated as a Resident*, in Chapter 1.

If you earn wages subject to the same withholding rules as U.S. citizens, your U.S. income tax return is due on April 15. Your first payment of estimated tax is also due by April 15. For information on withholding and estimated tax, see Chapter 8.

You cannot claim exemptions for dependents who are residents of Puerto Rico unless the dependents are citizens of the United States.

Residents of American Samoa. If you are a bona fide resident of American Samoa for the entire year, you can exclude from gross income all income from sources in American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands (other than amounts for services performed as an employee of the United States or any of its agencies). You do this by filing Form 1040 and attaching Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa*, to your return.

Illustration of Form 1040NR and Form 2106

The following example shows a filled-in Form 1040NR and Form 2106. The taxpayer is a resident of Sweden claiming the benefits of the income tax treaty between the United States and Sweden. The entries on the sample return are keyed to the explanation of entries.

Note: The treaty benefits shown here do not apply to all nonresident aliens. You should refer to any income tax treaty between the United States and the country of which you are a resident or national to see if you are entitled to a reduced rate or exemption from U.S. income tax. Also see Chapter 9, *Tax Treaty Benefits*, for more information.

Background Information

Our taxpayer, John Latter, is a citizen and resident of Sweden. He is an electrical engineer, employed by a British company, Sterling Electric Works, Ltd. His employer, under an agreement with American Electrichouse, Inc., an American corporation, assigned John to work on an engineering project in the United States for 5½ months. He entered the United States on February 1, 1989, and departed on July 15, 1989.

During this period he was paid a salary of \$2,850 a month by American Electrichouse. His other income during the calendar year 1989 consisted of:

\$400 in dividends from New York Motors, Inc., an American corporation,

50 pounds in dividends from London Motors, Ltd., a British corporation, and

\$50 in interest on bonds of the Boston Transit Co., an American corporation.

Round-trip transportation between Stockholm, Sweden, and Hometown, Maryland was \$1,200. John was reimbursed by Sterling Electric Works for this expense.

John also received \$30/day from his employer to help pay his living expenses while he was temporarily in the United States. This reimbursement was \$10/day for meals and \$20/day for lodging and other expenses, and was not included in John's income. John was required to and did account to his employer for his expenses. During the period he was in the United States, John paid the following expenses:

Lodging	\$4,479
Meals	\$2,475
Cable expense incurred in performing duties for his employer	\$ 47
State income tax	\$ 958
Contributions to the following charities:	
St. Luke's Church, Hometown, Md.	\$ 30
United Charities Fund, Hometown, Md.	\$ 50

Before leaving the United States, John filed Form 1040C, U.S. Departing Alien Income Tax Return, with the District Director of Internal Revenue, Baltimore, Maryland. He owed no tax when he left the United States.

Explanation of Entries on Form 1040NR and Form 2106

(1) John prints his name, social security number, home address, and nationality on page 1.

John shows, by checking the appropriate box, that he is filing his return as an individual and not as the trustee or other fiduciary of an estate or trust. He also gives his address in the country in which he is a permanent resident.

He indicates he is a married nonresident alien by checking box number 5 under *Filing status*.

(2) John reports all of his effectively connected income on lines 8 through 23 of page 1. If he had been engaged in a trade or business other than as an employee, he would have completed Schedule C (Form 1040) to determine his net profit or loss from that trade or business.

For personal services he performed in the United States during the period February 1, 1989, to July 15, 1989, he received a salary of \$14,575 (5½ months × \$2,650) from American Electrichouse, which he enters on line 8.

American Electrichouse withheld \$1,637 in income tax on John's salary. He enters this amount on line 53.

(3) John lists his employee business expenses on Form 2106. He puts the airfare of \$1,200 and the \$4,479 in lodging expenses on line 3. On line 4, he enters the business related cable expense of \$47, and on line 5, he enters \$2,475 for meals. He shows his total expenses on line 8.

On line 7, Column A, John enters the \$4,500 he received for reimbursement of airfare and lodging expenses, and on line 7, Column B, he enters the \$1,650 for reimbursement of meals. None of this reimbursement was included on John's Form W-2. His total expenses on line 6 are more than the reimbursement. Therefore, John has no excess reimbursement.

In Step 3, John figures his expenses to be claimed as itemized deductions on Schedule A, Form 1040NR. He carries the amount from line 13, Form 2106 to line 7a of Schedule A. He reduces the \$1,886 by 2% of his adjusted gross income from line 30 of Form 1040NR. John's employee business expense deduction on Schedule A is \$1,594.50.

John adds this amount to the \$80 in charitable contributions on line 4 of Schedule A and his state income tax deduction of \$958 from line 2 of Schedule A, for total itemized deductions of \$2,632.50 (line 10, Schedule A), which he carries over to line 32 of Form 1040NR. He subtracts this amount from line 31 of Form 1040NR, and enters the result on line 33.

He enters his personal exemption of \$2,000 on line 34. He subtracts this from line 33 to arrive at his taxable income.

(4) Using the Tax Table column for married filing separately in the instructions for Form 1040NR, he figures the tax on his taxable income (line 35, page 2) as \$1,489, and enters this amount on lines 36 and 38. He checks the Tax Table box on line 36.

Since he has no credits to claim on lines 39 through 43, the tax he figures is also the net tax on line 44 on his effectively connected income.

(5) John reports all his income subject to U.S. income tax (other than the wages he reported on line 8 of page 1) on page 4 of Form 1040NR. John

had only one income item to report on page 4, the dividends he received from New York Motors, Inc. (The dividend income he received from London Motors was income from sources outside the United States and was not subject to U.S. tax. The bond interest he received from the Boston Transit Co. was tax exempt under the tax treaty in effect between the United States and Sweden.) He enters \$400 on line 69a, column (b), because under the Swedish Treaty, the dividends are taxed at a 15% rate. Because New York Motors withheld \$60 as tax on the dividends it paid to John, he enters this amount on lines 69a and 79, page 4. He carries over the total tax on income not effectively connected, as shown on line 82, page 4, to line 47, page 2.

(6) John adds the tax on his effectively connected income and the tax on not effectively connected income and enters the total tax on his income from sources in the United States on line 52.

(7) On line 53, he enters the income tax withheld from the amounts paid to him by American Electrichouse. On line 61a, he enters the \$60 withheld by New York Motors on dividends paid to him. Both American Electrichouse and New York Motors gave John statements showing the gross amounts paid to him and the amount withheld as tax.

(8) He compares the total tax shown on line 52 with the total tax withheld, as shown on line 63, to determine whether he has overpaid his tax or owes an additional amount. Because the withholding shown on line 63 is more than his total tax, he has overpaid his tax. He subtracts the total tax from the withholding and will receive a refund.

(9) John now checks to be sure he has completed all parts of Form 1040NR that apply to him, and then answers the questions on page 5.

(10) He signs and dates his return and attaches the required forms and other documents. He then mails his Form 1040NR and all attachments to the Internal Revenue Service Center, Philadelphia, PA 19255.

Pages 1, 2, 3, 4, and 5 of Form 1040NR and Form 2106, showing John's entries, are reproduced on the following pages. The entries are keyed to the explanations above.

6. Tax Year of Arrival or Departure (Dual-Status Year)

You have a dual-status tax year when you have been both a resident alien and a nonresident alien in the same year. Dual-status does not refer to your citizenship, only to your resident status in the United States. In determining your U.S. income tax liability for a dual-status tax year, different rules apply for the part of the year you are a resident of the United States and the part of the year you are a nonresident.

The most common dual-status tax years are the years of arrival and departure. The part of a tax year *before* you arrive in the United States is a period of nonresidence. The part of the year *after* you arrive in the United States can be a period of residence or nonresidence, depending on the circumstances.

The year of departure can also be a dual-status year. Generally, if you have been a resident alien during the first part of the year, you keep that status until your final departure. After departure you generally become a nonresident alien. However, a resident alien who leaves the United States temporarily and does not abandon the U.S. residence keeps resident alien status even while abroad.

If you are married and choose to be U.S. resident for the entire year of your explained in Chapter 1, the rules of tax do not apply to you.

Income Subject to Tax

As a dual-status alien not filing a joint return, you are taxed on income from all sources of the year you are a resident alien and on income only from U.S. sources for the year you are a nonresident alien. To figure your tax for the year, combine the tax rates for graduated rates whether you were a resident or nonresident during the period of nonresidence or residence.

Income from sources outside the United States which is not effectively connected with your business in the United States is taxable to you if you are a resident alien. Income from U.S. sources is taxable to you if you are a resident alien or if you were a nonresident alien after receiving it and before the end of the year.

Income from sources outside the United States which is not effectively connected with your business in the United States is not taxable to you if you are a nonresident alien. Income from U.S. sources is taxable to you if you are a resident alien or if you were a resident alien or a U.S. citizen after receiving it before the end of the year.

Income from U.S. sources is taxable to you if you are a nonresident alien unless specifically exempt under Internal Revenue Code or a tax treaty.

When determining what income is taxable to you under U.S. tax law as well as the rates and exemptions provided by the United States and certain countries. For a further discussion see Chapter 9, *Tax Treaty Benefits*.

Restrictions for Dual-Status Taxpayers

The following restrictions apply if you are a dual-status taxpayer.

1) **Standard deduction.** You cannot claim the standard deduction allowed on Form 1040NR. If you are a dual-status alien, you must itemize deductions.

2) **Head of household.** You cannot claim head of household Tax Table column on Form 1040NR.

3) **Joint return.** You cannot file a joint return for the entire tax year, under Dual-Status Chapter 1.

4) **Exemptions.** Your total deductions for your spouse and dependents cannot be more than your own (figured without deducting personal exemptions for the period you are a resident alien).

5) **Tax rates.** If you are married or a resident of the United States for all or part of the year and you do not choose to file as a resident alien, you must use the Tax Table column or Tax Rate Schedule to figure your tax on income not effectively connected with a U.S. business. You cannot use the Tax Table or Tax Rate Schedules for married or single.

Personal Exemption

As a dual-status taxpayer, you cannot claim your own personal exemption.

123

Form **1040NR** U.S. Nonresident Alien Income Tax Return
 Department of the Treasury Internal Revenue Service
 For the year January 1-December 31, 1989, or other tax year beginning 1989, and ending 1989

Your first name and initial: **John D.** Last name: **Latter** Identifying or social security number: **000-00-0000**

Present home address (number, street, and apt. no. or rural route) (If a P.O. box, see page 4 of instructions): **1/2 Crescent St.**

City, town or post office, province/state, and ZIP code: **Stockholm**

Country: **Sweden**

Of what country were you a citizen or national during the tax year? **Sweden**

Give address outside the U.S. to which you want any refund check mailed (if same as above, write "Same"): **Same**

Give address in the country where you are a permanent resident (if same as above, write "Same"): **Same**

Filing Status and Exemptions for Individuals (See pages 4 and 5 of the instructions.)

Filing status (Check only one box):

1 Single resident of Canada or Mexico, or a U.S. National
 2 Other single nonresident alien
 3 Married resident of Canada or Mexico, or a U.S. National
 4 Married resident of Japan or the Republic of Korea (South) If your spouse is filing a return, you cannot take an exemption for him or her.
 5 Other married nonresident alien
 6 Qualifying widow(er) with dependent child (year spouse died \leq 19). (See page 5 of inst.)

Caution: If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 7a. But be sure to check the box below line 34 on page 2.

7c Dependents:	(1) Name (first, initial, and last name)	(2) Check if under age 2	(3) If age 2 or older, dependent's social security number	(4) Relationship	(5) No. of months lived in your home in 1989

* Applies only to residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. Nationals. (See page 1 of instructions.)
 ** Applies only to residents of Canada, Mexico, and U.S. Nationals.
 4. If your child (don't live with you but is claimed as your dependent under a pre-1985 agreement, check here
 5. Total number of exemptions claimed **1**

Income Effectively Connected With U.S. Trade/Business	8	9	10	11	12	13	14	15	16	17a	17b	18a	18b	19	20	21	22	23	24	25	26	27	28	29	
8 Wages, salaries, tips, etc. (attach Form(s) W-2)											14,575.00														
9a Taxable interest income																									
9b Tax-exempt interest income (see page 6). DO NOT include on line 9a																									
10 Dividend income																									
11 Taxable refunds of state and local income taxes (see page 6 of instructions)																									
12 Scholarships and fellowships (attach explanation—see page 6 of instructions)																									
13 Business income or (loss) (attach Schedule C (Form 1040))																									
14 Capital gain or (loss) (attach Schedule D (Form 1040))																									
15 Capital gain distributions not reported on line 14 (see page 6 of instructions)																									
16 Other gains or (losses) (attach Form 4797)																									
17a Total IRA distributions																									
17b Taxable amount																									
18a Total pensions and annuities																									
18b Taxable amount																									
19 Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E (Form 1040))																									
20 Farm income or (loss) (attach Schedule F (Form 1040))																									
21 Unemployment compensation (insurance) (see page 7 of instructions)																									
22 Other income (list type and amount—see page 7 of instructions)																									
23 Add lines 8, 9a, 10-16, 17b, and 18b-22. This is your total effectively connected income											14,575.00														
24 IRA deduction (see pages 7 and 8 of instructions)																									
25 Self-employed health insurance deduction, from worksheet on page 8																									
26 Keogh retirement plan and self-employed SEP deduction																									
27 Penalty on early withdrawal of savings																									
28 Scholarships and fellowships excluded																									
29 Add lines 24 through 28 (see instructions). These are your total adjustments																									
30 Subtract line 29 from line 23. Enter here and on line 31. This is your adjusted gross income											14,575.00														

Form 1040NR (1989) Page 2

Tax Computation

31 Amount from line 30 (adjusted gross income) **31 14,575.00**

32 Enter itemized deductions (from page 3, Schedule A, line 10) **32 2,632.50**

33 Subtract line 32 from line 31. Enter the result (if less than zero, enter zero) **33 11,942.50**

34 Exemptions (see pages 4, 5, and 8 of instructions) **34 2,000.00**

35 Taxable income. Subtract line 34 from line 33. Enter the result (if less than zero, enter zero) **35 9,942.50**

36 Enter tax. Check if from: Tax Table Tax Rate Schedules, or Form 8615 **36 1,499.00**

37 Additional taxes (see page 8). Check if from: Form 4970 Form 4972 **37**

38 Add lines 36 and 37. Enter the total **38 1,499.00**

Credits

39 Credit for child and dependent care expenses (attach Form 2441) **39**

40 Foreign tax credit (attach Form 1116) **40**

41 General business credit. Check if from: Form 3800 or Form (specify) **41 0**

42 Credit for prior year minimum tax (attach Form 8801) **42**

43 Add lines 39 through 42. Enter the total **43 -0-**

44 Subtract line 43 from line 38. Enter the result (if less than zero, enter zero) **44 1,499.00**

Other Taxes

45 Alternative minimum tax (attach Form 6251) **45**

46 Recapture taxes (see page 9 of instructions). Check if from: Form 4255 Form 8611 **46 60.00**

47 Tax on income not effectively connected with a U.S. trade or business (from page 4, line 82) **47**

48 Social security tax on tip income not reported to employer (attach Form 4137) **48**

49 Tax on an IRA or a qualified investment plan (attach Form 5329) **49**

50 Transportation tax (see page 10 of instructions) **50**

51 Supplemental Medicare premium (attach Form 8808) **51 1,549.00**

52 Add lines 44 through 51. This is your total tax and any supplemental Medicare premium **52 1,549.00**

Payments

53 Federal income tax withheld (if any is from Form(s) 1099, check **53 1,997.00**

54 1989 estimated tax payments and amount applied from 1988 return **54**

55 Earned income credit (see page 10 of instructions) **55 2**

56 Amount paid with Form 4868 (extension request) **56**

57 Excess social security tax and RRATA tax withheld (see page 10 of instructions) **57 7**

58 Credit for Federal tax on fuels (attach Form 4136) **58**

59 Regulated investment company credit (attach Form 2439) **59**

60 Credit for amount paid with Form 1040C **60**

61 U.S. tax withheld at source:

a From page 4, line 79 **61a 60.00**

b By partnerships under Section 1446 (from Form(s) 8805 or 1042S) **61b**

62 U.S. tax withheld on dispositions of U.S. real property interests:

a From Form(s) 8288-A **62a**

b From Form(s) 1042S **62b**

63 Add lines 53 through 62b. These are your total payments **63 1,997.00**

Refund or Amount You Owe

64 If line 63 is larger than line 52, enter amount OVERPAID **64 348.00**

65 Amount of line 64 to be REFUNDED TO YOU **65 348.00**

66 Amount of line 64 to be APPLIED TO YOUR 1990 ESTIMATED TAX **66**

67 If line 52 is larger than line 63, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your identifying or social security number and "1989 Form 1040NR" on it **67**

68 Penalty for underpayment of estimated tax (see page 11) **68**

Please Sign Here

Your signature: **John D. Latter** Date: **3-27-90** Your occupation in the United States: **Engineer**

Preparer's signature: _____ Date: _____ Check if self-employed Preparer's social security no. _____

Preparer's name (or name of self-employed) and address: _____ E.I. no. _____

ZIP code: _____

124
17

Tax on Income Not Effectively Connected With a U.S. Trade or Business

(Please attach Forms 1042S, SSA-1042S, RRB-1042S, 1001, or similar form.)

Table with columns: Nature of Income, U.S. tax withheld at source, (a) 10%, (b) 15%, (c) 30%, (d) Other (specify) %.

82 Add amounts on line 81, columns (b)-(d). This is your tax on income not effectively connected with a U.S. trade or business.

Table with columns: (a) Kind of property and description, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) LOSS, (g) GAIN.

Schedule A - Itemized Deductions (See pages 11 and 12 of the instructions). Includes sections for State and Local Income Taxes, Charitable Contributions, and Miscellaneous Deductions.

9 Please Answer All Questions (Enter "N/A" if a question does not apply to you.)

A What country issued your passport? Sweden

B Were you ever a U.S. citizen? Yes No

C Give the purpose of your visit to the U.S. To work on an engineering project

D Type of entry visa and visa number H-1 visa No. 123456 and type of current visa same

E Did you give up your permanent residence as an immigrant in the U.S. this year? Yes No

F Dates you entered and left the U.S. during the year. (Residents of Canada or Mexico entering and leaving the U.S. at frequent intervals give name of country only.)
Entered - February 1, 1989
Departed - July 15, 1989

G Give number of days (including vacation and non-work days) you were in the U.S. during: 1987 0, 1988 0, and 1989 165

H If you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. National, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? Yes No
 If "Yes," state amount \$ N/A

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter your total foreign source income not effectively connected with a U.S. trade or business in the space below. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the U.S. and Japan or the U.S. and the Republic of Korea.
 Total foreign source income not effectively connected with a U.S. trade or business \$ N/A

I Did you file a U.S. income tax return for any year before 1989? Yes No
 If "Yes," give the latest year and form number:
 To which Internal Revenue Service Center was it sent?

J To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 54, 56, and 60?
N/A

K Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? Yes No
 If "Yes," attach a statement showing the amount, nature, and source of the excluded income. Also give the reason it was excluded.
 (Do not include amounts shown in Question L.)
 L If you claimed the benefits of a U.S. income tax treaty with a foreign country, please give the following information. Also see page 13 of the Instructions.
 Country Sweden
 Kind and amount of income exempt from or subject to a reduced rate of tax. Also identify the applicable tax treaty article: for 1989 Bond interest of \$50 exempt under Article VIII; dividends of \$400 taxed at 15% under Article III.
 for 1988 _____

M Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? Yes No
 Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the U.S. at any time during 1989? Yes No

N If you file this return to report community income, give your spouse's name, address, and social security number. Also show the address of the Internal Revenue Service Center where his or her return was filed.
N/A

O If you file this return for a trust, does the trust have a U.S. business? Yes No
 If "Yes," give name and address:
N/A

Form **2106** Employee Business Expenses
 Department of the Treasury Internal Revenue Service
 See separate instructions. Attach to Form 1040.

OMB No. 1545-0139
1989
 Attachment Schedule No. 54

Your name John D. Latter Social security number 000 001 0000 Occupation in which expenses were incurred Engineer

Part I Employee Business Expenses

STEP 1 Enter Your Expenses	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 28 or line 34		
2 Parking fees, tolls, and local transportation, including train, bus, etc.		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	<u>5,679 00</u>	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	<u>47 00</u>	
5 Meals and entertainment expenses. (See the separate instructions.)		<u>2,475 00</u>
6 Add lines 1 through 5 and enter the total expenses here	<u>5,726 00</u>	<u>2,475 00</u>
Note: If you were not reimbursed for any expenses in Step 1, skip lines 7-9 and enter the amount from line 6 on line 10.		
STEP 2 Enter Amounts Your Employer Gave You For Expenses Listed in STEP 1 (See the separate instructions for lines 7 and 8.)		
7 Enter amounts your employer gave you that were not reported to you on Form W-2 (See Instructions).	<u>4,500 00</u>	<u>1,650 00</u>
8 Enter the amount your employer gave you for expenses listed in Step 1 that were separately identified on Form W-2 as employee business expenses. (Do not include any amounts that were reported to you as wages in Box 10 of Form W-2.) (See Instructions.)		
9 Add the amounts on lines 7 and 8. Enter the total here	<u>4,500 00</u>	<u>1,650 00</u>
STEP 3 Figure Expenses To Deduct on Schedule A (Form 1040)		
10 Subtract line 9 from line 6 Note: If both columns of line 10 are zero, stop here. If Column A is less than zero, report the amount as income. See the separate instructions for how to report.	<u>1,226 00</u>	<u>825 00</u>
11 Enter 20% (line 20) of line 10, Column B		<u>165 00</u>
12 Subtract line 11 from line 10	<u>1,226 00</u>	<u>660 00</u>
13 Add the amounts on line 12 of both columns and enter the total here. Also enter the total on Schedule A (Form 1040), line 20. (Qualified performing artists and handicapped employees, see the separate instructions for special rules on where to enter the total.)		<u>1,886 00</u>

the general rules for qualification, you can claim exemptions for your spouse and dependents when you figure taxable income for the part of the year you are a resident alien. The amount you can claim for these exemptions is limited to your taxable income (figured before subtracting exemptions) for the part of the year you are a resident alien. You cannot use exemptions (other than your own) to reduce taxable income to less than zero for that period.

As a dual-status taxpayer, you cannot claim any personal exemptions if you had no taxable income (figured before subtracting personal exemptions) for the part of the year that you were a resident alien, and if your income for the part of the tax year that you were a nonresident alien is not effectively connected with a U.S. trade or business.

Special rules apply to 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 Korea, or is a U.S. national. For more information, see *Personal Exemptions*, in Chapter 5.

How to Figure Tax

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 are a resident and the part of the year you are a nonresident.

Income. All income for your period of residence and all income that is effectively connected with a trade or business in the United States for your period of nonresidence, after allowable deductions, is added and taxed at the rates that apply to U.S. citizens and residents. Income that is not connected with a trade or business in the United States for your period of nonresidence is subject to the flat 30% rate or lower treaty rate. You cannot take any deductions against this income.

Social security and railroad retirement benefits. If you are a dual-status taxpayer, half of any U.S. social security benefits (and the equivalent portion of tier 1 railroad retirement benefits) you receive during the part of the year you are a nonresident alien is subject to the flat 30% tax, unless exempt, or subject to a lower rate, by treaty. (See *The 30% Tax*, in Chapter 4.)

Part of the social security and the equivalent portion of tier 1 railroad retirement benefits you receive while you are a resident alien will be taxed at graduated rates, if your modified adjusted gross income plus half these benefits is more than a certain base amount.

Modified adjusted gross income is your adjusted gross income figured without including any social security or the equivalent portion of tier 1 railroad retirement benefits and without reduction for:

- 1) The foreign earned income exclusion and the foreign housing exclusion or deduction,
- 2) The exclusion of income by residents of American Samoa, or
- 3) The exclusion of income from Puerto Rico by bona fide residents of Puerto Rico.

In addition, to arrive at modified adjusted gross income, you must increase your adjusted gross income by tax-exempt interest received during the tax year. For a dual-status taxpayer, adjusted gross income does not include income items received during the period of nonresidence.

The applicable base amount is zero for married dual-status taxpayers who live with their spouse at any time during the tax year, and \$25,000 for all other dual-status taxpayers (single or married living apart).

The social security benefits (and the equivalent portion of tier 1 railroad retirement benefits) taxable at graduated rates is the lesser of:

- 1) Half the net U.S. social security and equivalent tier 1 railroad retirement benefits received during the period you were a U.S. resident during the tax year, or
- 2) Half the excess of the sum of (a) modified adjusted gross income plus (b) half the net social security and equivalent tier 1 railroad retirement benefits received during the period of U.S. residence, over the applicable base amount.

If you received U.S. social security benefits while you were a nonresident alien the Social Security Administration will send you a copy of Form SSA-1042S, *Social Security Benefit Statement*, showing your combined benefits for the entire year and the amount of tax withheld. You will not receive separate statements for the benefits received during your periods of U.S. residence and nonresidence. Therefore, it is important for you to keep careful records of these amounts. You will need this information to properly complete your return and determine your tax liability.

Likewise, for any year you receive tier 1 railroad retirement benefits while a nonresident alien, the Railroad Retirement Board will send you Form RRB-1042S, *Statement for Nonresident Alien Recipients of Payments by the Railroad Retirement Board*, showing your yearly gross and net tier 1 benefits that are equivalent to the social security benefits you might have received if your employment had been covered under the social security system instead of the railroad retirement system. The form will also show the amount of tax withheld. Again, the benefits are not broken down into those paid while you were a U.S. resident and those paid while you were a nonresident. You have to make this allocation based on your own records.

If you received tier 1 railroad retirement benefits that are more than the amount equivalent to social security benefits, or tier 2, vested dual benefits, or supplemental annuity payments, these amounts will be reported to you on Form RRB-W-2P, *Statement for Recipients of Annuities or Pensions by the Railroad Retirement Board*. Do not include these amounts with your social security or equivalent portion of tier 1 railroad retirement benefits when you figure the taxable part of those benefits.

The amounts shown on Form RRB-W-2P are taxed like private pensions for federal income tax purposes. That is, part of the amounts are excluded from income as a return of your contributions. For information on figuring the excludable amount, see Publication 575, *Pension and Annuity Income (Including Simplified General Rule)*. Generally, if your U.S. source pension started before July 2, 1986, it is taxed at a 30% (or lower treaty) rate after return of your contributions, or at graduated rates, depending on whether you are a U.S. resident or nonresident at the time the payments are made, and, if a nonresident, whether the pension is paid to you because of services you performed while engaged in a U.S. trade or business. If your pension started July 2, 1986 or later, part of the pension is taxed from the starting date at a 30% (or lower treaty) rate, or at graduated rates, and the remainder is tax free. See also *Pensions and annuities* in Chapter 2, and *Pensions under Personal Service Income* in Chapter 4.

Credits. You can claim 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,
- 2) Taxes withheld at the source from various items of income from U.S. sources other than wages,
- 3) Tax paid with Form 1040-ES, *Estimated Tax for Individuals*, or Form 1040-ES(NR), *U.S.*

Estimated Tax for Nonresident Aliens, and

- 4) Tax paid with Form 1040C, *U.S. Estimated Tax for Nonresident Aliens*, at the time of departure from the United States.

Enter the credits for these taxes on the appropriate lines on your return. If there is no line for one of these credits, enter it in the margin and show what kind of credit it is.

As a dual-status alien, you generally can claim tax credits using the same rules that apply to resident aliens. There are certain restrictions that apply. These restrictions are discussed along with a brief explanation of credits claimed by individuals.

Child care credit. If you pay someone for your dependent who is under age 13, disabled dependent or disabled spouse, you can work or look for work, you may take a tax credit of up to 30% (depending on income) of the amount you paid.

Married dual-status aliens can claim it only if they choose to file a joint return as discussed earlier, or if they qualify as unmarried individuals living apart.

There are two limits in figuring the credit:

- 1) The amount of the expense eligible for credit in any tax year cannot be more than your earned income for that tax year. If married, the lesser of your earned income or your spouse's earned income generally means wages, professional fees, etc., for your spouse.
- 2) The credit is between 20% and 30% (depending on your income) of the amount of the tax year. However, the amount of payments that is eligible for the credit is limited to \$2,400 for one qualifying dependent and \$4,800 for two or more qualifying dependents.

For more information, get Publication 504, *Child and Dependent Care Expenses*.

Credit for the elderly or the disabled. You must be a U.S. citizen or resident to claim this credit. You cannot claim the credit if you are a nonresident alien at any time during the tax year. However, the credit can be taken if you are a nonresident alien who is married to a U.S. citizen and chooses to be treated as a U.S. resident for the entire year. For further information on this credit, get Publication 524, *Credit for the Elderly or the Disabled*.

Foreign tax credit. If you have paid or are able for the payment of income tax in a foreign country on income from foreign sources, you may be able to claim a credit for the tax paid.

If you claim the foreign tax credit, you must file Form 1116 with your income tax return. For more information, see the instructions for Form 1116 or get Publication 513, *Foreign Tax Credit for Individuals*. You also may contact the Internal Revenue Service, Assistant Commissioner (International), Attention: L'Enfant Plaza South, S.W., Washington, D.C. 20024.

Form to File

The U.S. income tax return you file depends on whether you are a resident alien or a nonresident alien for the tax year.

Resident at end of year. If you are a dual-status taxpayer who was a resident during the year and who was a nonresident on the last day of the tax year, you must file a "Return" across the top of the appropriate schedule to your return for the part of the year you were a resident. You can use Form 1040NR as the return for the part of the year you were a nonresident, but be sure to mark "State"

Nonresident at the end of year. You must file Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, if you are a dual-status taxpayer who gives up residence in the United States during the year and who is not a U.S. resident on the last day of the tax year. Write "Dual-Status Return" across the top of the return. Attach a separate schedule to your return to show the income for the part of the year you are a resident. You can use Form 1040 as the separate schedule, but be sure to mark "Statement" across the top.

Any statement (including Form 1040 or Form 1040NR) must have your name, address, and social security number (taxpayer identification number) on it. You do not need to sign a separate statement or schedule accompanying your return, since your signature on the return also applies to the supporting statements and schedules. If you have applied for a taxpayer identification number, but have not received it, write "TIN applied for" on your return.

When and Where to File

If you are a *resident alien* on the last day of your tax year and report your income on a calendar year basis, you must file no later than April 15 of the year following the close of your tax year. If you are a resident alien on the last day of your tax year and report your income on other than a calendar year basis, file your return no later than the 15th day of the 4th month following the close of your tax year. In either case, file your return with the Internal Revenue Service using the address in the Form 1040 instructions.

If you are a *nonresident alien* on the last day of your tax year and report your income on a calendar year basis, you must file no later than June 15 following the close of your tax year. If you are a nonresident alien on the last day of a tax year and report your income on other than a calendar year basis, file your return no later than the 15th day of the 6th month following the close of your tax year. However, if you are a nonresident alien who receives wages subject to the same withholding rules as U.S. citizens, you must file by the 15th day of the 4th month following the close of your tax year. In any case, file your return with the Internal Revenue Service Center, Philadelphia, PA, 19255.

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

Illustration of Dual-Status Return

Sam Brown is single and a subject of the United Kingdom. He temporarily entered the United States with an H-1 visa to develop a new product line for the Major Product Co. He arrived in the United States March 18, 1989, and left May 25, 1989, returning to his home in England.

The Major Product Co. later offered Sam a permanent job, and he returned to the United States with a permanent visa on September 10, 1989.

During Sam's temporary assignment in the United States, the Major Product Co. paid him \$6,500. Sam accounted to his employer for his expenses for travel, meals, and lodging while on temporary assignment, and was reimbursed for his expenses. This amount was not included on Sam's wage statement, Form W-2, given to him when he left the United States.

After obtaining permanent employment, Sam's wages for the rest of 1989 were \$16,550, including reimbursement of his moving expenses. He received a separate Form W-2 for this period. His other income received in 1989 was:

Interest income paid by the U.S. Bank (not effectively connected):

March 31	\$45
June 30	\$45
September 30	\$65
December 31	\$69

Dividend income paid by Major Product Co. (not effectively connected):

April 3	\$120
July 3	\$120
October 2	\$120

Interest income (in U.S. dollars) paid by the U.K. Bank:

March 31	\$ 90
June 30	\$110
September 30	\$118
December 31	\$120

Sam paid the following expenses while he was in the United States:

Moving expenses incurred and paid in	
September	\$8,300
Va. State income tax	\$ 682
Contributions to U.S. charities	\$ 360

Before leaving the United States in May, Sam filed Form 1040C, *U.S. Departing Alien Income Tax Return* (see Chapter 11). He owed no tax when he left the United States.

The entries on the filled-in Form 1040 and the statement, Form 1040NR, are keyed to the explanations that follow:

(1) Sam prints his name, social security number, and address on page 1 of Form 1040. He checks "Yes" for the Presidential Election Campaign Fund and "Single" under filing status. He also checks the exemption block for himself and prints "Dual-Status Return" across the top of the form.

Sam enters his name, address, and social security number on page 1 of Form 1040NR. This information should be included on any statement attached to the return. He prints "Statement" across the top of the form.

(2) Sam reports on Form 1040 all income received during the period he was a resident of the United States and the income received during the period he was a nonresident alien that was effectively connected with his U.S. trade or business. This income is taxed at the graduated rates. He also shows on Form 1040NR his salary while he was a nonresident.

Sam reports the interest income credited to his account by the U.S. Bank and the U.K. Bank in September and December, while he was a U.S. resident. If any of the interest income received while he was a nonresident alien was effectively connected with his U.S. trade or business, Sam would also report these amounts on Form 1040. If Sam had paid foreign income tax on the interest income received from the U.K. Bank, he would claim a foreign tax credit on Form 1118.

The dividend income includes only the October dividend, which was received while Sam was a U.S. resident. The dividend income received during Sam's period of nonresidence was not effectively connected with his U.S. trade or business and, therefore, not taxed at the graduated rates.

(3) Sam shows on the attached statement, Form 1040NR, the not effectively connected U.S. income received while he was a nonresident alien. He enters the April and July dividends from the Major Product Co. on line 69a, page 4. The rate of tax on this income is limited to 15% by Article 10 of the United States-U.K. income tax treaty. Treaty rates vary from country to country, so be sure to check the provisions in the treaty you are claiming. Sam figures the tax on his dividend income and carries it forward to line 47 on Form 1040NR.

Sam also enters \$36, the amount of tax withheld at source by the Major Product Co. on line 69a, Form 1040NR, and carries it forward to line 61a. Later he will enter the amount on Form 1040.

Sam is not required to report the interest credited to his account by the U.S. Bank during the period he was a nonresident alien. Interest on deposits with U.S. banks that is not effectively connected with a U.S. trade or business generally is treated as income from sources in the United States but is not taxable to a nonresident alien.

The interest income received from the U.K. Bank while Sam was a nonresident alien is foreign source income and not taxable on his U.S. return.

Sam answers the questions on page 5 of the Form 1040NR. This provides the dates of arrival and departure, types of visas, and information concerning tax treaty benefits that he has claimed.

(4) Because Sam has a dual-status tax year, he must itemize his deductions. He enters his itemized deductions on Schedule A (Form 1040). The only itemized deduction Sam had while he was a nonresident alien was the state income tax withheld from his pay. For information purposes, he lists this amount on line 1a, Schedule A, Form 1040NR, in addition to including it on Schedule A, Form 1040.

Sam completes Form 3903 (not illustrated) to figure his moving expense deduction and enters the total on line 19, Schedule A, Form 1040.

Sam totals his itemized deductions on line 26, Schedule A (Form 1040). He enters the amount from line 26 of Schedule A (Form 1040) on line 34, Form 1040 and checks the box on line 33c, Form 1040.

He enters \$2,000 on line 36, Form 1040. Sam subtracts the amount on line 36 from the amount on line 35 to figure his taxable income, line 37.

(5) Sam is now ready to figure the tax on his income taxed at the graduated rates. He uses the column in the Tax Table for single individuals. To this tax, he must add the tax on the income not effectively connected, the income taxed at the 30% or lower treaty rate. Since there is no line on Form 1040 for this computation, he enters the two amounts beside the total amount entered on line 40, Form 1040.

(6) Sam enters the total amount of tax withheld from his wages on line 56, Form 1040. He includes in this amount, the tax withheld at source (from line 61a, Form 1040NR) on dividends paid to him while he was a nonresident alien. He also writes a brief explanation.

For information purposes, Sam also enters on line 53, Form 1040NR, the amount of tax withheld from wages earned while a nonresident alien.

(7) He subtracts the total tax on line 55, Form 1040, from the total tax paid on line 63, to see if he has overpaid his tax or if he owes an additional amount. Since the amount of tax withheld and the amount of tax paid at source are more than his total tax, Sam has overpaid his tax. He will get a refund.

(8) Sam checks to be sure that he has completed all parts of Form 1040 that apply to him. He also checks to see if he has completed the necessary parts of the Form 1040NR that he is attaching as a statement. He then signs and dates the return and mails it to the Internal Revenue Service Center shown in the instructions for Form 1040.

7. What, When, and Where to File

What return you must file, as well as when and where you file that return, depends on your status at the end of the tax year as a resident or a nonresident alien.

Resident Aliens

Resident aliens should file Form 1040EZ, 1040A, or 1040 if the address shown in the instructions for that form. The due date for filing the return and paying any tax due is April 15 of the year following

Dual-Status Return

1040 U.S. Individual Income Tax Return 1989

Department of the Treasury - Internal Revenue Service
For the year Jan - Dec 31, 1989, or other tax year beginning 1989, ending

Label
Use IRS label. Otherwise, please print or type.

Your first name and initial: **Sam R. Brown**
Your social security number: **000-00-0000**

If a joint return, spouse's first name and initial: _____
Last name: _____
Spouse's social security number: _____

Home address (number and street) (If a P.O. box, see page 10 of instructions): **2617 Pewter Place**
City, town or post office, state and ZIP code: **Anytown, Virginia 22000**

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Presidential Election Campaign
Do you want \$1 to go to this fund? Yes No
If joint return, does your spouse want \$1 to go to this fund? Yes No

Filing Status
1 Single
2 Married (filing joint return (even if only one had income))
3 Married filing separate returns. Enter spouse's social security no. above and full name here.
4 Head of household (with qualifying person). (See page 7 of instructions.) If the qualifying person is your child but not your dependent, enter child's name here.
5 Qualifying widow(er) with dependent child (your spouse died 19-) (See page 7 of instructions.)

Check only one box.

Exemptions (See instructions on page 8.)
a Yourself. If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 33b on page 2.
b Spouse
c Dependents: (See instructions on page 8.)
(1) Name (first, initial, and last name) (2) Check if under age 2 (3) If age 2 or older, dependent's social security number (4) Relationship (5) No. of months lived in your home in 1989
d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here
e Total number of exemptions claimed: **1**

7	Wages, salaries, tips, etc. (attach Form(s) W-2)	23,050.00
8a	Taxable interest income (also attach Schedule B if over \$400)	395.00
8b	Tax-exempt interest income (see page 10). DON'T include on line 8a.	
9	Dividend income (also attach Schedule B if over \$400)	120.00
10	Taxable refunds of state and local income taxes, if any, from worksheet on page 11 of instructions	
11	Alimony received	
12	Business income or (loss) (attach Schedule C)	
13	Capital gain or (loss) (attach Schedule D)	
14	Capital gain distributions not reported on line 13 (see page 11)	
15	Other gains or (losses) (attach Form 4797)	
16a	Total IRA distributions	
16b	Taxable amount (see page 11)	
17a	Total pensions and annuities	
17b	Taxable amount (see page 12)	
18	Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E)	
19	Farm income or (loss) (attach Schedule F)	
20	Unemployment compensation (insurance) (see page 13)	
21a	Social security benefits	
21b	Taxable amount (see page 13)	
22	Other income (net type and amount - see page 13)	
23	Add the amounts shown in the far right column for lines 7 through 22. This is your total income	23,565.00

24	Your IRA deduction, from applicable worksheet on page 14 or 15	24
25	Spouse's IRA deduction, from applicable worksheet on page 14 or 15	25
26	Self-employed health insurance deduction, from worksheet on page 15	26
27	Keogh retirement plan and self-employed SEP deduction	27
28	Penalty on early withdrawal of savings	28
29	Alimony paid - a Recipient's last name and b social security number	29
30	Add lines 24 through 29. These are your total adjustments	0
31	Subtract line 30 from line 23. This is your adjusted gross income. If this line is less than \$19,340 and a child lived with you, see "Earned Income Credit" (line 58) on page 20 of the Instructions. If you want step to figure your tax, see page 16 of the Instructions.	23,565.00

Adjustments to income

Sign Here
Under penalties of perjury, I declare that I have examined the return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature: **Sam R. Brown** Date: **3-16-90** Your occupation: **R.D. Specialist**
Spouse's signature (if joint return, BOTH must sign): _____ Date: _____ Spouse's occupation: _____

Preparer's signature: _____ Date: _____ Check if self-employed Preparer's social security no: _____
Preparer's name (or yours if self-employed) and address: _____ E.I. No: _____
ZIP code: _____

Form 1040 (1989) Page 2

Tax Computation

32	Amount from line 31 (adjusted gross income)	23,565.00
33a	Check if: <input type="checkbox"/> You were 65 or older <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older <input type="checkbox"/> Blind. Add the number of boxes checked and enter the total here.	
33b	If someone (such as your parent) can claim you as a dependent, check here <input type="checkbox"/>	
33c	If you are married filing a separate return and your spouse itemizes deductions, or you are a dual-status alien, see page 16 and check here <input type="checkbox"/>	
34	Enter the larger of: a Your standard deduction (from page 17 of the Instructions), OR b Your itemized deductions (from Schedule A, line 26). If you itemize, attach Schedule A and check here <input checked="" type="checkbox"/>	9,322.00
35	Subtract line 34 from line 32. Enter the result here	14,243.00
36	Multiply \$2,000 by the total number of exemptions claimed on line 6e	2,000.00
37	Taxable income. Subtract line 36 from line 35. Enter the result (if less than zero, enter zero). Caution: If under age 14 and you have more than \$1,000 of investment income, check here <input type="checkbox"/> and see page 17 to see if you have to use Form 8615 to figure your tax.	12,243.00
38	Enter tax. Check if from: a <input checked="" type="checkbox"/> Tax Table, b <input type="checkbox"/> Tax Rate Schedules, or c <input type="checkbox"/> Form 8615. (If any is from Form(s) 8814, enter that amount here <input type="checkbox"/>)	1,870.00
39	Additional taxes (see page 18). Check if from: a <input type="checkbox"/> Form 4870, b <input type="checkbox"/> Form 4872	
40	Add lines 38 and 39. Enter the total 1,870.00	1,870.00
41	Credit for child and dependent care expenses (attach Form 2441)	41
42	Credit for the elderly or the disabled (attach Schedule R)	42
43	Foreign tax credit (attach Form 1116)	43
44	General business credit. Check if from: a <input type="checkbox"/> Form 3800 or b <input type="checkbox"/> Form (specify)	44
45	Credit for prior year minimum tax (attach Form 8801)	45
46	Add lines 41 through 45. Enter the total	
47	Subtract line 46 from line 40. Enter the result (if less than zero, enter zero)	1,870.00
48	Self-employment tax (attach Schedule SE)	48
49	Alternative minimum tax (attach Form 6251)	49
50	Recapture taxes (see page 18). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611	50
51	Social security tax on tip income not reported to employer (attach Form 4137)	51
52	Tax on an IRA or a qualified retirement plan (attach Form 5329)	52
53	Add lines 47 through 52. Enter the total 1,870.00	1,870.00
54	Supplemental Medicare premium (attach Form 8800)	54
55	Add line 53 and 54. This is your total tax and any supplemental Medicare premium	1,870.00
56	Amount of tax withheld (if any, from Form(s) 1099, check box 1)	1,950.00
57	1989 estimated tax payments and amount applied from 1988 return	57
58	Earned income credit (see page 20)	58
59	Amount paid with Form 4868 (extension request)	59
60	Excess social security tax and RRTA tax withheld (see page 20)	60
61	Credit for Federal tax on fuels (attach Form 4136)	61
62	Regulated investment company credit (attach Form 2439)	62
63	Add lines 56 through 62. These are your total payments	1,950.00
64	If line 63 is larger than line 55, enter amount OVERPAID	80.00
65	Amount of line 64 to be REFUNDED TO YOU	80.00
66	Amount of line 64 to be APPLIED TO YOUR 1990 ESTIMATED TAX	
67	If line 55 is larger than line 63, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number, daytime phone number, and "1989 Form 1040" on it	
68	Penalty for underpayment of estimated tax (see page 21)	68

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service
Name(s) shown on Form 1040

Schedule A—Itemized Deductions
(Schedule B is on back)

▶ Attach to Form 1040. ▶ See instructions for Schedules A and B (Form 1040).

OMB No. 1545-0074

1989
Attachment
Sequence No. 07

Sam R. Brown

Your social security number
000 00 0000

Medical and Dental Expenses (Do not include expenses reimbursed or paid by others.) (See instructions on page 23.)	1a Prescription medicines and drugs, insulin, doctors, dentists, nurses, hospitals, medical insurance premiums you paid, etc. 1b Other. (List—include hearing aids, dentures, eyeglasses, transportation and lodging, etc.) ▶	1c	
2 Add the amounts on lines 1a and 1b. Enter the total here	2		
3 Multiply the amount on Form 1040, line 32, by 7.5% (.075)	3		
4 Subtract line 3 from line 2. If zero or less, enter -0-	4		
Taxes You Paid (See instructions on page 24.)	5 State and local income taxes 6 Real estate taxes 7 Other taxes. (List—include personal property taxes.) ▶	5 6 7	662 00
8 Add the amounts on lines 5 through 7. Enter the total here.	8	Total Taxes ▶	662 00
Interest You Paid (See instructions on page 24.)	9a Deductible home mortgage interest (from Form 1098) that you paid to financial institutions. Report deductible points on line 10. 9b Other deductible home mortgage interest. (If paid to an individual, show that person's name and address) ▶	9a 9b	
10 Deductible points. (See instructions for special rules.)	10		
11 Deductible investment interest. (See page 25.)	11		
12a Personal interest you paid. (See page 25.)	12a		
12b Multiply the amount on line 12a by 20% (.20). Enter the result	12b		
13 Add the amounts on lines 9a through 11, and 12b. Enter the total here.	13	Total interest ▶	
Gifts to Charity (See instructions on page 25.)	14 Contributions by cash or check (if you gave \$3,000 or more to any one organization, show to whom you gave and how much you gave.) ▶ 15 Other than cash or check. (You must attach Form 8283 if over \$500.) 16 Carryover from prior year	14 15 16	360 00
17 Add the amounts on lines 14 through 16. Enter the total here.	17	Total contributions ▶	360 00
Casualty and Theft Losses	18 Casualty or theft loss(es) (attach Form 4684). (See page 26 of the instructions.)	18	
Moving Expenses	19 Moving expenses (attach Form 3903 or 3903F). (See page 26 of the instructions.)	19	8,300 00
Job Expenses and Most Other Miscellaneous Deductions (See page 26 for expenses to deduct here.)	20 Unreimbursed employee expenses—job travel, union dues, job education, etc. (You MUST attach Form 2106 in some cases. See instructions.) ▶ 21 Other expenses (investment, tax preparation, safe deposit box, etc.). List type and amount ▶	20 21	
22 Add the amounts on lines 20 and 21. Enter the total.	22		
23 Multiply the amount on Form 1040, line 32, by 2% (.02). Enter the result here	23		
24 Subtract line 23 from line 22. Enter the result. If zero or less, enter -0-	24		
Other Miscellaneous Deductions	25 Other (from list on page 26 of instructions). List type and amount ▶	25	
Total Itemized Deductions	26 Add the amounts on lines 4, 8, 13, 17, 18, 19, 24, and 25. Enter the total here. Then enter on Form 1040, line 34, the LARGER of this total or your standard deduction from page 17 of the instructions.	26	9,322 00

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule A (Form 1040) 1989

STATEMENT
U.S. Nonresident Alien Income Tax Return

Form **1040NR**

Department of the Treasury
Internal Revenue Service

For the year January 1–December 31, 1989, or other tax year beginning 1989 and ending 1989

OMB No. 1545-0048

1989

Your first name and initial Sam R.	Last name Brown	Identifying or social security number 000-00-0000
Present home address (number, street, and apt. no., or rural route). (If a P.O. box, see page 4 of instructions.) 2617 Hewter Place		Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Fiduciary
City, town, or post office, province/state, and ZIP code Anytown, Virginia 22000		For Paperwork Reduction Act Notice, see page 1 of instructions.
Country U.S.A.		
Of what country were you a citizen or national during the tax year? ▶ United Kingdom		
Give address outside the U.S. to which you want any refund check mailed (if same as above, write "Same"). N/A		Give address in the country where you are a permanent resident (if same as above, write "Same"). Same
Filing Status and Exemptions for Individuals (See pages 4 and 5 of the instructions.)		
Filing status (Check only one box.)		
1 <input type="checkbox"/> Single resident of Canada or Mexico, or a U.S. National	7a	7b
2 <input type="checkbox"/> Other single nonresident alien		
3 <input type="checkbox"/> Married resident of Canada or Mexico, or a U.S. National		
4 <input type="checkbox"/> Married resident of Japan or the Republic of Korea (South) If your spouse is filing a return, you cannot take an exemption for him or her.		
5 <input type="checkbox"/> Other married nonresident alien		
6 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 5 of inst.)		
Caution: If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 7a. But be sure to check the box below line 34 on page 2.		
7c Dependents: (1) Name (first, initial, and last name)	(2) Check if under age 2	(3) If age 2 or older, dependent's social security number
(4) Relationship	(5) No. of months lived in U.S. in 1989	
* Applies only to residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. Nationals. (See page 5 of instructions.) ** Applies only to residents of Canada, Mexico, and U.S. Nationals. † If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here ▶ <input type="checkbox"/> ‡ Total number of exemptions claimed		
8 Wages, salaries, tips, etc. (attach Form(s) W-2)	8	6,500 00
9a Taxable interest income	9a	
9b Tax-exempt interest income (see page 6). DO NOT include on line 9a	9b	
10 Dividend income	10	
11 Taxable refunds of state and local income taxes (see page 6 of instructions)	11	
12 Scholarships and fellowships (attach explanation—see page 6 of instructions)	12	
13 Business income or (loss) (attach Schedule C (Form 1040))	13	
14 Capital gain or (loss) (attach Schedule D (Form 1040))	14	
15 Capital gain distributions not reported on line 14 (see page 6 of instructions)	15	
16 Other gains or (losses) (attach Form 4797)	16	
17a Total IRA distributions	17a	17b Taxable amount
18a Total pensions and annuities	18a	18b Taxable amount
19 Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E (Form 1040))	19	
20 Farm income or (loss) (attach Schedule F (Form 1040))	20	
21 Unemployment compensation (insurance) (see page 7 of instructions)	21	
22 Other income (list type and amount—see page 7 of instructions)	22	
23 Add lines 8, 9a, 10–16, 17b, and 18b–22. This is your total effectively connected income	23	6,500 00
24 IRA deduction (see pages 7 and 8 of instructions)	24	
25 Self-employed health insurance deduction, from worksheet on page 8	25	
26 Keogh retirement plan and self-employed SEP deduction	26	
27 Penalty on early withdrawal of savings	27	
28 Scholarships and fellowships excluded	28	
29 Add lines 24 through 28 (see Instructions). These are your total adjustments	29	0
30 Subtract line 29 from line 23. Enter here and on line 31. This is your adjusted gross income	30	

Please attach Copy B of your Forms W-2, W-2G, and W-2P here

Please attach Copy B of your Form W-2, W-2G, and W-2P here

Please attach check or money order here

Adjustments

30 Subtract line 29 from line 23. Enter here and on line 31. This is your adjusted gross income ▶ 30

31		31	
32		32	245.00
33		33	
34		34	
35		35	
36		36	
37		37	
38		38	
39		39	
40		40	
41		41	
42		42	
43		43	
44		44	
45		45	
46		46	
47		47	36.00
48		48	
49		49	
50		50	
51		51	
52		52	
53		53	345.00
54		54	
55		55	
56		56	
57		57	
58		58	
59		59	
60		60	
61		61a	36.00
61		61b	
62		62a	
62		62b	
63		63	381.00
64		64	
65		65	
66		66	
67		67	
68		68	

Schedule A—Itemized Deductions (See pages 11 and 12 of the instructions.) 07

State and Local Income Taxes **1** 1a 245.00

1a State income taxes 1b

b Local income taxes 2 245.00

2 Add the amounts on lines 1a and 1b. Enter the total here. Total state and local income taxes 245.00

Gifts to U.S. Charities

3a Contributions by cash or check. (If you gave \$3,000 or more to any one organization, show to whom you gave and how much.) ▶

3b Other than cash or check. (You must attach Form 8283 if over \$500.)

3c Carryover from prior year

4 Add the amounts on lines 3a through 3c. Enter the total here. Total gifts to charity 4

5 Casualty or theft loss(es) (attach Form 4684) 5

6 Moving expenses (attach Form 3903) 6

Job Expenses and Most Other Miscellaneous Deductions (See page 12 for expenses to deduct here.)

7a Unreimbursed employee expenses—job travel, union dues, job education, etc. (You MUST attach Form 2106 in some cases. See instructions.) ▶ 7a

7b Other expenses (investment, tax preparation, etc.). List type and amount. ▶ 7b

7c Add the amounts on lines 7a and 7b. Enter the total 7c

7d Multiply the amount on Form 1040NR, line 31, by 2% (.02). Enter the result. 7d

8 Subtract line 7d from line 7c. Enter the result (if zero or less, enter zero)

Other Miscellaneous Deductions

9 Other (certain handicapped expenses, estate tax on income of decedent, etc.). List type and amount.

10 Total itemized deductions. Add the amounts on lines 2, 4, 5, 6, 8, and 9. Enter the total here and on Form 1040NR, line 32 245.00

Please Sign Here

Your signature _____ Date _____
 Your occupation in the United States
R & D Specialist
 (Preparer's social security no. _____)

Preparer's Use Only

Preparer's signature _____ Date _____
 Form's name (or years if self-employed) and address _____
 ZIP code _____

the year for which you are filing a return. You may be allowed an automatic extension to June 15 to file if your main place of business and your home are outside the United States and Puerto Rico on April 15. See the instructions for the form you are filing for more information.

Nonresident Aliens

All nonresident aliens required to file annual U.S. income tax returns must file Form 1040NR. Even if you have left the United States and filed a Form 1040C on departure, you still must file the annual return.

You may also have to file an information return if you move currency or other securities into or out of the United States. See the discussion of *Transportation of Currency or Monetary Instruments*, discussed later.

Form 1040NR

You must file an income tax return on Form 1040NR if you are:

- 1) A nonresident alien individual engaged in trade or business in the United States, even if you have no income,
- 2) A nonresident alien individual not engaged in trade or business in the United States with U.S. income on which the tax liability was not satisfied by the withholding of tax at the source,
- 3) A representative or agent responsible for filing the return of an individual described in (1) or (2), or
- 4) A fiduciary for a nonresident alien estate or trust.

You must also file a Form 1040NR if you want to:

- 1) Claim the benefit of any deductions or exemptions. For example, if you have no U.S. business activities but have income from real property that you choose to treat as effectively connected income (discussed in Chapter 4), you must file a return to take any allowable deductions against that income.
- 2) Claim a refund of overwithheld or overpaid tax.

When preparing your annual income tax return, you should use the instructions that go with each form. You can get forms and instructions and, if needed, further information, from your local Internal Revenue Service office.

Nonresident aliens who are outside the United States and need further advice about their obligations under the U.S. federal income tax laws may write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TPS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

When and Where to File

If you are an employee and you receive wages subject to U.S. income tax withholding, file Form 1040NR by the 15th day of the 4th month after your tax year ends. If you file for the 1989 calendar year, your return is due April 16, 1990 (April 15 falls on a Sunday).

If you are not an employee who receives wages subject to U.S. income tax withholding, you must file Form 1040NR by the 15th day of the 6th month after your tax year ends. For the 1989 calendar year, file your return by June 15, 1990. For information on when and where to make estimated tax payments, see Chapter 8.

Form 1040NR must be filed with the Internal Revenue Service Center, Philadelphia, PA 19255.

Aliens from the Virgin Islands. If you are a bona fide resident of the Virgin Islands and work temporarily in the United States, you must pay your income taxes to the Virgin Islands and file your income tax returns with the Virgin Islands Bureau

of Internal Revenue, Lockhart's Garden No. 1-A, Charlotte Amalie, St. Thomas, U.S. Virgin Islands 00802. Report all income from U.S. sources, as well as income from other sources, on your return. For information on filing Virgin Islands returns, contact the Virgin Islands Bureau of Internal Revenue.

Chapter 8 discusses withholding from U.S. wages of Virgin Islanders.

Aliens from Guam or the Commonwealth of the Northern Mariana Islands. If you are a resident of Guam or the Commonwealth of the Northern Mariana Islands (CNMI) on the last day of your tax year, you must file your return and pay any tax due to Guam or the CNMI. Report all income, including income from U.S. sources, on your return. It is not necessary to file a separate U.S. income tax return.

Guam residents should file their Guam returns with the Commissioner of Revenue and Taxation, Government of Guam, 855 West Marine Drive, Agana, Guam 96910.

Residents of the CNMI should file their CNMI income tax returns with the Division of Revenue and Taxation, Commonwealth of the Northern Mariana Islands, Central Office, Saipan, MP 96950.

If you are a resident of the United States on the last day of your tax year, you should file your return with, and pay any balance of your tax due on income derived from all sources to the Internal Revenue Service Center, Philadelphia, PA 19255.

Penalties. The law imposes penalties for filing your tax return late or for late payment of any tax due. However, a penalty is not charged if you can show that there was reasonable cause for your filing or paying late.

You may be subject to additional penalties for:

- Not supplying a taxpayer identification number when required.
- Filing a frivolous income tax return.
- Not including a tax shelter identification number on a return when required.

Claims for Refund

If you have already filed an income tax return and later discover that you have overpaid your tax, you can claim a refund by filing Form 1040X if you filed Form 1040, Form 1040A, or Form 1040EZ, or by filing an amended income tax return on Form 1040NR, if you originally filed on Form 1040NR. Your claim should show your reason for claiming the refund. File it with the same Internal Revenue Service office where you filed your original return. Ordinarily the claim must be filed within 3 years from the date your return was filed (a return filed before the final due date is considered to have been filed on the due date), or within 2 years from the time the tax was paid, whichever is later.

If you did not file a return, the claim for refund must be filed within 2 years from the time the tax was paid.

Transportation of Currency or Monetary Instruments

Form 4790, *Report of International Transportation of Currency or Monetary Instruments*, must be filed by each person who physically transports, mails, or ships, or causes to be physically transported, mailed, or shipped, currency or other monetary instruments in a total amount of more than \$10,000 on any one occasion from the United States to any place outside the United States, or into the United States from any place outside the United States.

The term "monetary instruments" includes coin or currency of the United States or of any other country, travelers' checks, money orders, investment securities in bearer form or in such form that title to them passes upon delivery, and negotiable instruments (except warehouse receipts or bills of lading) in bearer form or in such form that title to them passes upon delivery. The

term also includes bank checks, drafts, and money orders which are signed and the name of the payee has been entered. It does not include bank checks, travelers' checks, or money orders made payable to the order of a named person which have not been endorsed. Filing requirements for Customs are the following.

Recipients. Each person who receives a monetary instrument outside the United States must file Form 4790, within 15 days after receipt, with the Customs officer in charge at any port of departure, or by mail with the Customs Reports, Attention: Currency Transfer Reports, Washington, DC 20229.

Shippers or mailers. If the monetary instrument does not accompany the person entering or departing the United States, Form 4790 can be filed by the Commissioner of Customs, Attention: Transportation Reports, Washington, DC 20229, on or before the date of entry, departure, or shipping.

Travelers. Travelers must file Form 4790 with the Customs officer in charge at the Customs port of entry or departure, or on or before the date of entry, departure, or shipping.

Penalties. Civil and criminal penalties are provided for failure to file a report, or if the report contains material omissions or misstatements. Also, the entire amount of the currency or monetary instrument may be subject to seizure or forfeiture.

More information regarding the filing of Form 4790 can be found in the instructions back of the form.

8. Paying Tax Through Withholding or Estimated Tax

An employer must usually deduct tax from taxable wages and pay it to the IRS. This is called withholding. In addition, for nonresident aliens, tax is withheld at 30% (or a lower rate) on certain payments of income from your wages and other income. You can claim a credit on your income tax return for the tax withheld.

Your employer should give you a Form W-2 which shows the tax withheld and the amount of wages and other income on which the tax was withheld. Other payers of income on which tax is withheld should give you Form 1042S which shows the income and withheld tax. The withheld tax is your tax liability.

Usually the tax liability and the amount of tax withheld will not be exactly the same. If you have either a refund or an additional amount of tax when you file your income tax return, you may have a tax liability for the year of \$505 withheld. Your income tax liability will be reduced by the amount of tax withheld. If you have a refund of \$5, and the refund will be applied to your tax liability, you will have a refund of \$495 with which you can do what you wish when you file your return.

Withholding from Compensation

The following discussion generally applies to nonresident aliens. Tax is withheld from the same manner as U.S. citizens.

Wages and other compensation paid to a nonresident alien for services performed as an employee are usually subject to graduated withholding at the same rates as resident aliens and U.S. citizens. Therefore, your compensation, unless it is specifically excluded from the term "wages" by law, or is exempt from tax by treaty, is subject to graduated withholding.

Withholding on wages. If you are an employee and you receive wages subject to graduated withholding, you will be required to fill out a Form W-4, *Employee's Withholding Allowance Certificate*. For nonresident aliens, the following instructions supersede the instructions on the Form W-4.

Because of the restrictions on a nonresident alien's filing status, the limited number of personal exemptions a nonresident alien is allowed, and the fact that a nonresident alien cannot claim the standard deduction, you should fill out Form W-4 following these instructions:

- 1) Check only "Single" marital status on line 3 (regardless of your actual marital status).
- 2) Claim only one withholding allowance, unless you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. national (on line 4).
- 3) Do not claim "Exempt" withholding status on line 6.

In addition to following these instructions, you must request that your employer withhold an additional amount of \$3.00 per week (on line 5 of Form W-4). If your wages are paid based on a two-week pay period, the additional amount on line 5 will be \$6.00.

See *Reduced Withholding on Scholarship and Fellowship Grants* later, for how to fill out Form W-4 if you receive a U.S. source scholarship or fellowship grant.

Withholding on pensions. If you receive a pension as a result of personal services performed in the United States, the pension income is treated as effectively connected with a U.S. trade or business. This income will be subject to graduated withholding under the pension withholding rules that apply to U.S. citizens and resident aliens.

You must fill out a Form W-4P, *Withholding Certificate for Pension and Annuity Payments*, to claim withholding allowances and to show marital status for withholding tax purposes. The following guidelines should be followed when filling out your Form W-4P. Check only "Single" marital status, and claim only one withholding allowance unless you are a resident of Canada or Mexico, or a U.S. national.

Under the graduated withholding rules, a nonresident alien who receives periodic pension payments or nonperiodic pension distributions outside of the United States can choose not to have tax withheld on the payments. However, if you make this choice, the 30% (or lower treaty rate) withholding tax will apply.

Withholding of taxes from tip income. Tips you receive during the year for services performed in the United States are subject to U.S. income tax. Include them in taxable income. In addition, tips received while working for one employer, amounting to \$20 or more in a month, also are subject to the withholding of income and social security taxes.

If there is no employee-employer relationship between you and the person for whom you perform services, your compensation is subject to the 30% (or lower treaty) rate of withholding. However, if you are engaged in a trade or business in the United States during the tax year, your compensation for personal services as an independent contractor (independent personal services) may be entirely or partly exempt from withholding if you reach an agreement with the Internal Revenue Service on the amount of withholding required. Also, the final payment to you

during the tax year for independent personal services may be entirely or partly exempt from withholding, if you are engaged in a trade or business in the United States during the year and you file the forms and provide the information required by the IRS.

Withholding agreement. An agreement that you reach with the IRS regarding withholding for your compensation for independent personal services is effective for payments covered by the agreement after it is agreed to by all parties. You must agree to timely file an income tax return for the current tax year. For more information, contact the Internal Revenue Service, Assistant Commissioner (International), 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

Central withholding agreements. If you are a nonresident alien entertainer or athlete performing or participating in athletic events in the United States, you may be able to enter into a withholding agreement with the Internal Revenue Service for reduced withholding provided certain requirements are met. Under no circumstances will such a withholding agreement reduce taxes withheld to less than the anticipated amount of income tax liability.

Nonresident alien entertainers or athletes requesting a central withholding agreement must submit the following:

- 1) A list of the names and addresses of the nonresident aliens to be covered by the agreement.
- 2) Copies of all contracts that the aliens or their agents and representatives have entered into regarding the time period and performances or events to be covered by the agreement including, but not limited to, contracts with:
 - a) employers, agents, and promoters,
 - b) exhibition halls,
 - c) persons providing lodging, transportation, and advertising, and
 - d) accompanying personnel, such as band members or trainers.
- 3) An itinerary of dates and locations of all events or performances scheduled during the period to be covered by the agreement.
- 4) A proposed budget containing itemized estimates of all gross income and expenses for the period covered by the agreement, including any documents to support these estimates.
- 5) The name, address, and telephone number of the person the IRS should contact if additional information or documentation is needed.
- 6) The name, address, and employer identification number of the agent or agents who will be the central withholding agents for the aliens and who will enter into a contract with the IRS. A central withholding agent ordinarily receives contract payments, keeps books of account for the aliens covered by the agreement, and pays expenses (including tax liabilities) for the aliens during the period covered by the agreement.

When the IRS approves the estimated budget and the designated central withholding agents, the Associate Chief Counsel (International) will prepare a withholding agreement. The agreement must be signed by each withholding agent, each nonresident alien covered by the agreement, and the Assistant Commissioner (International).

Generally, each withholding agent must agree to withhold income tax from payments made to the nonresident alien; to pay over the withheld tax to the IRS on the dates and in the amounts specified in the agreement; and to have the IRS apply the payments of withheld tax to the withholding agent's Form 1042 account. Each withholding agent will be required to file Form 1042 and Form 1042S for each tax year in which income is paid to a nonresident alien covered by the withholding

agreement. The IRS will credit the withheld tax payments, posted to the withholding agent's Form 1042 account, in accordance with the Form 1042S. Each nonresident alien covered by the withholding agreement must agree to file Form 1040NR.

A request for a central withholding agreement should be sent to the following address at least 45 days before the agreement is to take effect:

Chief, Special Procedures Section
IN-C:51
Room 3311
950 L'Enfant Plaza South, S.W.
Washington, DC 20024

Final payment exemption. Your final payment of compensation during the tax year for independent personal services may be entirely or partly exempt from withholding. This exemption is available only once during your tax year and applies to a maximum of \$5,000 of compensation. To obtain this exemption, you or your agent must give the following statements and information to the Assistant Commissioner (International):

- 1) A statement by each withholding agent from whom you have received gross income effectively connected with a trade or business in the United States during the tax year, showing the amount of income paid and the tax withheld. Each statement must be signed by the withholding agent and verified by a declaration that it is made under penalties of perjury.
- 2) A statement by the withholding agent from whom you expect to receive the final payment of compensation, showing the amount of the payment and the amount of tax that would be withheld if a final payment exemption were not granted. This statement must also be signed by the withholding agent and verified by a declaration that it is made under penalties of perjury.
- 3) A statement by you that you do not intend to receive any other income effectively connected with a trade or business in the United States during the current tax year.
- 4) The amount of tax that has been withheld or paid under any other provision of the Internal Revenue Code or regulations for any income effectively connected with your trade or business in the United States during the current tax year.
- 5) The amount of your outstanding tax liabilities, if any, including interest and penalties, from the current tax year or prior tax periods.
- 6) Any provision of an income tax treaty under which a partial or complete exemption from withholding may be claimed, the country of your residence, and a statement of sufficient facts to justify an exemption under the treaty.
- 7) A statement signed by you, and verified by a declaration that it is made under penalties of perjury, that all the information given is true and that to your knowledge no relevant information has been omitted.

If satisfied with the information, the IRS will determine the amount of your tentative income tax for the tax year on gross income effectively connected with your trade or business in the United States. Ordinary and necessary business expenses can be taken into account if proven to the satisfaction of the Assistant Commissioner (International).

The IRS will send you a letter directed to the withholding agent, showing the amount of the final payment of compensation that is exempt from withholding and the amount that can be paid to you because of the exemption. You must give two copies of the letter to the withholding agent and must also attach a copy of the letter to your income tax return for the tax year for which the exemption is effective.

Allowance for personal exemption. Withholding on payments for personal services is generally based on the amount of your compensation payment minus the value of one exemption (\$2,050 for 1990).

To determine the income for labor or personal services performed in the United States to which either graduated rates or the 30% (or lower treaty) rate will apply, one personal exemption is allowed a nonresident alien who is not a U.S. national and is not a resident of Canada, Mexico, Japan, or Korea. The tables for graduated withholding are based on the number of exemptions you claim. For purposes of 30% withholding, the exemption is prorated at \$5.62 a day in 1990 for the period that labor or personal services are performed in the United States.

Example. Eric Schmidt, who is a resident of the Federal Republic of Germany, worked under a contract with a U.S. firm (not as an employee) in the United States for 100 days during 1990 before returning to his country. He earned \$6,000 for the services performed (not considered wages) in the United States. Eric is married and has three dependent children. His wife is not employed and has no income subject to U.S. tax. The deduction to be allowed against the income for his personal services performed within the United States in 1990 is \$562 (100 days × \$5.62), and withholding at 30% is applied against the balance. Thus, \$1,631.40 tax is withheld from Eric's earnings (30% of \$5,438).

Residents of Canada, Mexico, Japan, or Korea, or U.S. nationals. If you are a nonresident alien who is a resident of Canada, Mexico, Japan, or Korea, or who is a national of the United States, you are subject to the same graduated or 30% withholding on your compensation for personal services performed in the United States. However, if you are a U.S. national or a resident of Canada or Mexico, you are allowed the same personal exemptions as U.S. citizens. For the 30% (or lower treaty rate) withholding, you can take \$5.62 per day for each allowable exemption in 1990. If you are a resident of Japan or Korea, you are allowed personal exemptions for yourself and for your spouse and children who live with you in the United States at any time during the tax year. However, the additional exemptions for your spouse and children must be further prorated as explained in Chapter 5 under *Personal Exemptions*.

Certain nonresident aliens who are residents of Canada or Mexico and who enter or leave the United States at frequent intervals are not subject to withholding on their wages. These persons either:

- 1) Perform duties in transportation service between the United States and Canada or Mexico, or
- 2) Perform duties connected to the construction, maintenance, or operation of a waterway, viaduct, dam, or bridge crossed by, or crossing, the boundary between the United States and Canada or the boundary between the United States and Mexico.

Note: This employment is subject to withholding of social security taxes.

To qualify for the exemption from withholding during a tax year, a Canadian or Mexican resident must give the employer a statement in duplicate with name, address, and identification number, and certifying that the resident:

- 1) Is not a U.S. citizen or resident,
- 2) Is a resident of Canada or Mexico, whichever applies, and
- 3) Expects to perform duties previously described during the tax year in question.

The statement can be in any form, but it must be dated and signed by the employee, and must

include a written declaration that it is made under the penalties of perjury.

Certain residents of Puerto Rico. If you are a nonresident alien employee who is a resident of Puerto Rico, wages for services performed in Puerto Rico are generally not subject to withholding unless you are an employee of the United States or any of its agencies in Puerto Rico.

Residents of the Virgin Islands. Nonresident aliens who are bona fide residents of the Virgin Islands are not subject to withholding of U.S. tax on income earned while temporarily employed in the United States. This is because those persons pay their income tax to the Virgin Islands. To avoid paying tax withheld on income earned in the United States, bona fide residents of the Virgin Islands should write a letter, in duplicate, to their employers, stating that they are bona fide residents of the Virgin Islands and expect to pay tax on all income to the Virgin Islands.

Withholding from Other Income

Other income subject to 30% withholding generally includes fixed or determinable income such as interest (other than portfolio interest), dividends, pensions and annuities, and gains from certain sales and exchanges, discussed in Chapter 4. It also includes half of social security benefits paid to nonresident aliens.

Effectively connected income. Income (other than compensation) that is effectively connected with your U.S. trade or business is not subject to withholding at the 30% (or lower treaty) rate. You must file Form 4224, *Exemption from Withholding of Tax on Income Effectively Connected with the Conduct of a Trade or Business in the United States*, with the payer of the income.

Tax withheld on partnership income. If you are a foreign partner in a U.S. or foreign partnership, the partnership will withhold tax on your share of effectively connected taxable income from the partnership. The partnership will give you a statement on Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, showing the tax withheld. Claim the tax withheld as a credit on line 61b of Form 1040NR.

Reduced Withholding on Scholarship and Fellowship Grants

If you are a nonresident alien student or grantee with an "F", "J", or "M" visa, and you receive a U.S. source grant or scholarship, you may qualify for reduced withholding on the taxable part of the grant or scholarship.

To reduce the withholding tax on your scholarship or grant, you must complete a Form W-4, *Employee's Withholding Allowance Certificate*, every year and give it to the withholding agent (usually the payer of your scholarship or grant).

You are allowed a prorated part of allowable personal exemptions when you complete Form W-4. Figure the prorated part by multiplying the number of days you expect to be in the United States in 1990, times the daily exemption amount (\$5.62) for each allowable exemption. The prorated exemption amount should be shown on line A of the *Personal Allowances Worksheet* that comes with Form W-4. Unless you are a resident of Canada or Mexico, a U.S. national, or a resident of Japan or the Republic of Korea, a zero (-0-) should be shown on lines C and D of the worksheet. If you are a resident of Canada, Mexico, Japan, the Republic of Korea, or a U.S. national, an additional daily exemption amount may be allowed for each of your dependents.

You cannot take the standard deduction into account when completing Form W-4, so a zero (-0-) should be shown on line B of the worksheet.

As lines E and F of the worksheet do not apply to you, there should be no entries on those lines.

You may be allowed a deduction for home expenses (meals, lodging, etc.) on Form W-4 if you expect to pay your tax home (defined in Chapter 2) for 2 years and you can answer "yes" to the questions listed under *Travel Expenses*.

If you claim these expenses, you should give the withholding agent a statement, in duplicate, of the expenses mentioned above. The amount of the expenses for meals, lodging, and travel should be the anticipated actual amount. If you do not know the amount of the expenses at the time you complete Form W-4, use the current per diem allowance for the Career Education Program under Travel Regulations. The current per diem allowance is \$18 per day. Your anticipated actual or the per diem allowance should be shown on line A of the worksheet in addition to the exemption amount.

You can also deduct on Form W-4 your grant or scholarship that is not subject to U.S. tax law or under a tax treaty. These deductions that will be allowed on your U.S. income tax return for the year should also be added to the worksheet.

Add lines A through F of the *Personal Allowances Worksheet* and show the total on line G.

If you file a Form W-4 to reduce withholding on your scholarship or grant, you must file an annual U.S. income tax return claiming the exemptions and deductions on that form. If you are in the United States more than one tax year, you must file a statement to your yearly Form W-4 if you have filed a U.S. income tax return the previous year. If you have not been in the United States long enough to be required to file, you must attach a statement to your Form W-4 saying you will file a U.S. income tax return.

After the withholding agent has received your Form W-4, he will withhold on your grant as if it were wages. The gross income is reduced by the exemptions and deductions allowed from Form W-4 and the tax is figured on the remainder.

You will receive a Form 1042S from the withholding agent (usually the payer of your grant) showing the gross amount of your grant, the fellowship grant less the withholding amount, the tax rate, and the amount withheld. Use this form to file your annual U.S. income tax return on Form 1040NR.

Notification of Alien Status

You must let your employer know if you are a resident or a nonresident alien so that the employer can withhold the correct amount of tax on your wages. If you are a resident alien, you should discuss in Chapter 1, you should file Form 1078, *Certificate of Alien Claiming U.S. Status*, in duplicate with your employer. If you are a nonresident alien and you do not have to file a form, but you should file a form, it is helpful if you told your employer you are a nonresident alien.

If you are a resident alien and you have other income (such as royalties) from sources within the United States, you should file Form 1078 with your employer. The payer of the other income (generally, the payer of the royalties) will not withhold tax on the other income at the 30% (or lower treaty) rate. If you are a nonresident alien and you have other income as a nonresident alien, you should file Form 1078 with your employer to notify the employer of your status to withholding at the 30% (or lower treaty) rate.

135

Income Entitled to Tax Treaty Benefits

If a tax treaty between the United States and your country provides an exemption from, or a reduced rate of, withholding for certain items of income, you should notify the payer of the income (the withholding agent) of your foreign status to claim the benefits of the treaty. Generally, you do this by filing Form 1001, *Ownership, Exemption, or Reduced Rate Certificate*, with the withholding agent. Form 1001 does not apply to payments of dividends or compensation for personal services.

If you perform personal services as an independent contractor (rather than an employee) and you can claim an exemption from withholding on that personal service income because of a tax treaty, to claim that exemption you must submit Form 8233, *Exemption from Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual*, to each withholding agent from whom amounts will be received.

Exception. Alien students, teachers, and researchers who perform dependent personal services (as employees) can also use Form 8233 to claim exemption from withholding of tax on compensation for services that is exempt from U.S. tax under a U.S. tax treaty.

You must complete the form using the specific instructions and guidelines in Revenue Procedure 87-8 (for students) and Revenue Procedure 87-9 (for teachers and researchers), and must then submit it to the withholding agent for processing. See the appendixes of this publication for these Revenue Procedures.

If you perform services as an employee and your pay is exempt from U.S. income tax under a tax treaty, you can avoid having tax withheld from your wages. Give a statement to your employer, in duplicate, for the tax year giving your name, address, taxpayer identification number, and country of which you are a resident, and certifying that:

- 1) You are not a citizen or resident of the United States, and
- 2) Your compensation is exempt from U.S. income tax and why it is exempt.

The statement should indicate the tax treaty and provision under which you claim the exemption and should show the facts you rely on to prove you meet the requirements of a treaty provision. These can be found in the applicable tax treaty article.

Date and sign the statement. Identify the tax year to which it applies and the compensation to which it relates. Include a declaration that you make the statement under the penalties of perjury. If there is a question about qualifying for exemption from tax, write to the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:TRS, 950 L'Enfant Plaza South, S.W., Washington, DC 20024, for advice before asking your employer not to withhold.

Special events and promotions. Withholding at the full 30% rate is required for payments made to a nonresident alien or foreign corporation for gate receipts (or television or other receipts) from rock music festivals, boxing promotions, and other entertainment or sporting events, unless the withholding agent has been specifically advised otherwise by letter from the IRS. One reason for this is that the partial or complete exemption provided by certain tax treaties is based on factors that usually cannot be determined until after the close of the tax year. The required letter is issued by the Internal Revenue Service, Assistant Commissioner (International), Attn: IN:C:C:51, 950 L'Enfant Plaza South, S.W., Washington, DC 20024.

Entertainers and athletes can also apply for reduced withholding on the basis of their net income after expenses. See *Central withholding*

agreements earlier under Withholding from Compensation.

Note: You will be required to pay U.S. tax, at the time of your departure from the United States, on any income for which you incorrectly claimed a treaty exemption. For more details on treaty provisions that apply to compensation, see Publication 901, *U.S. Tax Treaties*.

Tax Withheld on Real Property Sales

If you are a nonresident alien and you dispose of a U.S. real property interest, the transferee (buyer) of the property generally must withhold a tax equal to 10% of the amount realized on the disposition. If a U.S. real property interest is disposed of by a U.S. domestic partnership, trust, or estate, generally tax must be withheld equal to 34% of the gain on the disposition that can be allocated to foreign partners or beneficiaries. However, if an individual disposes of a U.S. real property interest, withholding is not required in the following situations:

- 1) The property is acquired by the buyer for use as a residence and the amount realized (purchase price) is not more than \$300,000.
- 2) The property disposed of is an interest in a domestic corporation if any class of stock of the corporation is regularly traded on an established securities market.
- 3) The property disposed of is an interest in a corporation that is not regularly traded on an established market, if you give the buyer a copy of a statement issued by the corporation certifying that the interest is not a U.S. real property interest.
- 4) You (the seller) give the buyer a certification stating, under penalties of perjury, that you are not a foreign person, and containing your name, U.S. taxpayer identification number, and home address (or office address, in the case of an entity), or
- 5) The buyer receives a withholding certificate from the Internal Revenue Service.

The certifications in (3) and (4) must be disregarded by the buyer if the buyer has actual knowledge, or receives notice from a seller's or buyer's agent, that they are false.

The buyer must report and pay over the withheld tax within 20 days after the transfer using Form 8288, *U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests*. This form is filed with the IRS with two copies of Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*. Copy B of this statement will be stamped received by the IRS and returned to you (the seller). You will then file this copy with your tax return to take credit for the tax withheld.

The tax required to be withheld on a disposition can be reduced or eliminated under a withholding certificate issued by the IRS. Either you or the buyer can request a withholding certificate.

A withholding certificate can be issued due to:

- 1) A determination by the IRS that reduced withholding is appropriate because either:
 - a) The amount required to be withheld would be more than the transferor's maximum tax liability, or
 - b) Withholding of the reduced amount would not jeopardize collection of the tax.
- 2) The exemption from U.S. tax of all gain realized by the transferor, or
- 3) An agreement for the payment of tax providing security for the tax liability, entered into by the transferee or transferor.

Get Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, and

Form 8288-B, *Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests*, for information on procedures to request a withholding certificate.

Social Security Tax

In most cases, the first \$48,000 of taxable wages received in 1989 for services performed in the United States is subject to social security tax. Your employer deducts this tax from each wage payment. You cannot claim a credit for social security deductions on your income tax return unless you have more than one employer and the amount deducted from your wages is more than \$3,604.80 for 1989. Only the social security that is more than \$3,604.80 can be claimed as a credit. Your employer must deduct the tax from your wages even though you do not expect to qualify for social security benefits.

In general, United States social security tax applies to payments of wages for services performed as an employee in the United States, regardless of the citizenship or residence of either the employee or the employer. In limited situations, social security applies to wages for services performed outside the United States. Your employer should be able to tell you if social security tax applies to your wages. You cannot make voluntary payments if no taxes are due.

Foreign students and exchange visitors. Services performed by you as a nonresident alien temporarily in the United States as a nonimmigrant under subparagraph "F", "J", or "M" of section 101(a)(15) of the Immigration and Nationality Act are not covered under the social security program if the services are performed to carry out the purpose for which you were admitted to the United States. This means that there will be no withholding of social security (FICA) tax from the pay you receive for these services. However, the types of services are very limited.

Nonresident alien students. If you are a nonresident alien admitted to the United States as a student, you generally are not permitted to work for a wage or salary or to engage in business while you are in the United States. In some cases, a student is granted permission to work and it is so noted on the student's copy of Immigration Form I-20, *Certificate of Eligibility for Nonimmigrant Student Status*. Social security tax is not withheld from pay for the work.

The Immigration and Naturalization Service (INS) permits on-campus work for students on "F" visas. On-campus work means work performed on the school's premises. On-campus work under the terms of a scholarship, fellowship, or assistantship is considered part of the academic program of a student taking a full course of study, and is permitted by the INS. In this case, there will be no notation on Form I-20 concerning the work, and social security tax is not withheld from pay received for it.

Employment due to economic necessity is sometimes permitted for students on "F" visas, but requires the prior approval of the INS. Social security tax is not withheld from pay for this work.

In all other cases, any services performed by a nonresident alien student are not considered as performed to carry out the purpose for which the student was admitted to the United States. Social security tax will be withheld from pay for the services unless the pay is exempt under the Internal Revenue Code.

The INS can permit a student, who is not in a language training program, to accept temporary employment for practical training for a period or periods totaling up to 24 months. Social security tax is not withheld from the student's pay for the services.

Exchange visitors. Nonresident aliens are admitted to the United States as nonimmigrant exchange visitors under section 101(a)(15)(J) of

the Immigration and Nationality Act through the sponsorship of approved organizations and institutions that are responsible for establishing a program for the exchange visitor, and for any later modification of that program. Generally, an exchange visitor who has the permission of the sponsor can work for the same reasons as the students discussed above. In these cases, permission is granted by a letter from the exchange visitor's sponsor.

Social security tax is not withheld on pay for services of an exchange visitor who has been given permission to work and who possesses or obtains a letter of authorization from the sponsor. In all other cases, services performed by an exchange visitor are not considered as performed to carry out the purpose for which the visitor was admitted to the United States. Social security tax is withheld from pay for the services unless the pay is exempt under the Internal Revenue Code.

Refunds of social security tax. If social security tax was withheld in error from pay you receive that is not subject to the tax, contact the employer who withheld the tax for reimbursement. If you are unable to get a refund from your employer, file a claim for refund with the Internal Revenue Service on Form 843, *Claim*, and attach a copy of your Form W-2, *Wage and Tax Statement*, to prove the amount of social security tax withheld. Also attach a copy of INS Form I-94, *Arrival/Departure Record*, and INS Form I-538, *Application by Nonimmigrant Student (F1) for Extension to Stay, School Transfer or Permission to Accept or Continue Employment*. Also attach a statement signed by you stating that you have asked your employer for reimbursement of social security tax withheld in error but have been unable to get a refund.

File the claim for refund (with attachments) with the IRS office where your employer's returns were filed. If you do not know where your employer's returns were filed, file your claim with the Internal Revenue Service Center, Philadelphia, PA 19255.

International social security agreements. The United States may enter into bilateral social security agreements with foreign countries to coordinate social security coverage and taxation of workers employed for part or all of their working careers in one of the countries. Agreements with Belgium, Canada, France, West Germany, Italy, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom are in effect. Agreements with Austria and the Netherlands are expected to become effective soon. Other agreements are also expected to enter into force in the future. Under these agreements dual coverage and dual contributions (taxes) for the same work are eliminated. The agreements will generally make sure that social security taxes are paid only to one country.

Generally, under these agreements, you will only be subject to social security taxes in the country where you are working. However, if you are temporarily sent to work in another country, and your pay would normally be subject to social security taxes in both countries, the agreement may provide that you can remain covered only by the social security system of the country from which you were sent. More information on any specific agreement can be obtained by contacting the United States Social Security Administration.

To establish that your pay is subject only to foreign social security tax and is exempt from U.S. social security tax as a result of an agreement, you or your employer should request a statement from the appropriate agency of the foreign country. This will usually be the same agency to which you or your employer pay your foreign social security taxes. The foreign agency will be able to tell you what information is needed for them to issue the statement. Your employer should keep a copy of the statement because it may be needed to show why you are exempt from U.S. social security tax.

You or your employer will need to request a statement from the foreign agency if you are working in a foreign country and would normally be subject to U.S. social security tax, but are exempt as a result of an agreement. However, some of the countries with which the United States has agreements will not issue statements in these cases. If the foreign agency refuses to issue the necessary statement, either you or your employer should request a statement from the U.S. Social Security Administration, Office of International Policy, Room 1104 West High Rise, 6401 Security Boulevard, Baltimore, MD 21235, that your wages are not covered by the U.S. social security system.

Only wages paid on or after the effective date of the agreement can be exempt from U.S. social security tax.

Social security self-employment tax. Nonresident aliens are not subject to self-employment tax. Residents of the Virgin Islands, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa are considered U.S. residents for this purpose and are subject to the self-employment tax.

Resident aliens must pay self-employment tax under the same rules that apply to U.S. citizens. However, although a U.S. citizen employed by an international organization, a foreign government, or a wholly-owned instrumentality of a foreign government is subject to the self-employment tax on income earned in the United States, a resident alien employed by such an organization or government does not have to pay self-employment tax.

If you are self-employed in both the United States and in a country with which the United States has a social security agreement (as discussed above), or you temporarily transfer your business activity to or from one of these countries, you may be exempt from self-employment tax as a result of the agreement. To establish your exemption, you should write to the foreign agency to which you pay your foreign social security tax if you are in the foreign country. If you are in the United States, write to the Social Security Administration at the address given above for a determination of your social security tax liability under the agreement.

Self-employment income you receive while you are a resident alien is subject to self-employment tax even if it was paid for services you performed as a nonresident alien.

Example. Bill Jones is an author, engaged in the business of writing books. Bill had several books published in a foreign country while he was a citizen and resident of that country. During 1989 Bill entered the United States as a resident alien. After becoming a U.S. resident, he continued to receive royalties from his foreign publisher. Bill reports his income and expenses on the cash basis (he reports income on his tax return when received and deducts expenses when paid). Bill's 1989 net earnings from self-employment include the royalties received in 1989, even though he wrote the books before he became a U.S. resident and the books were published while he was a nonresident alien.

Estimated Tax Form 1040-ES(NR)

You may have income from which no U.S. income tax is withheld. Or the amount of tax withheld may not equal the income tax you estimate you will owe at the end of the year. If so, you may have to pay estimated tax.

If you are a nonresident alien, you should make estimated tax payments for 1990 if you estimate that the total amount of income tax that will be withheld from your 1990 income will be less than the lesser of:

- 1) 90% of the tax to be shown on your 1989 income tax return, or
- 2) 100% of the tax shown on your 1989 return (if your 1989 return covers 12 months of the year).

If you have not paid one of these amounts by the required time, you may be subject to additional tax.

There will be no additional tax for the estimated tax if the tax due (income tax minus the employment tax liability minus the total tax and certain credits) for 1990 is less than zero.

How to estimate your tax for 1990. To estimate your 1990 tax, you need a 1989 return on Form 1040NR and your 1989 return on Form 1040NR, and the instructions for 1990 to be the same, you should use your 1989 return as a guide to complete *Estimated Tax Worksheet* in the Form 1040-ES(NR) instructions. If you did not file a return for 1989, or if your income, deductions, or credits will be different, you must estimate these amounts. For liability using the Tax Rate Schedule, use Form 1040-ES(NR) instructions that apply to your filing status.

Note: If you expect to be a resident of Puerto Rico during the entire year, use Form 1040-PR.

When to pay estimated tax. Make your estimated tax payment by the due date of your Form 1040NR. If you have wages and other income, the same withholding rules that apply to you must file Form 1040NR and make your estimated tax payment by April 15 (or May 15 if you are a nonresident alien). If you do not have wages and other income, file your Form 1040NR and make your first estimated tax payment on Form 1040-ES(NR) by June 15, or any later date specified in the instructions.

If your first estimated tax payment is made by June 15, 1990, you can pay your estimated tax in equal installments by June 15, 1990, September 17, 1990, January 15, 1991. If your first payment is made after June 15, 1990, you can pay your tax in full at that time, or 1/2 of your tax by June 15, 1990, and 1/2 of the tax by January 15, 1991.

Fiscal year. If your return is not on a calendar year basis, change all dates to correspond to your fiscal year.

Changes in income, deductions, or exemptions. Even if you are not making an estimated tax payment on June 15, your circumstances may change later. This may happen if you receive income, or if any of your deductions or exemptions are increased or eliminated. If so, see the instructions for Form 1040-ES(NR) for the payment date.

Amended estimated tax. If you made an estimated tax payment, you should make an amended estimated tax payment if your estimated tax is substantially increased or decreased because of a change in your income, deductions, or exemptions. You should adjust your estimated tax payments. To do this, use *Amended Estimated Tax Schedule* in the instructions for Form 1040-ES(NR).

Addition to tax for failure to pay income tax. You will be subject to an addition to tax for underpayment of estimated tax except in certain situations. These are explained on Form 2210, *Underpayment of Estimated Tax by Individuals and Partners*.

9. Tax Treaty Benefits

If you are a nonresident alien from a country with which the United States has an income tax treaty, you may be eligible for tax treaty benefits.

137

you may qualify for certain benefits if you meet treaty requirements. Most treaty provisions require that the alien be a resident of the treaty country to qualify. However, some treaty provisions require that the alien be a national or a citizen of the treaty country.

You can generally arrange to have withholding tax reduced or eliminated on wages and other income that is eligible for tax treaty benefits. See *Income Entitled to Tax Treaty Benefits*, in Chapter 8.

Treaty Income. A nonresident alien's treaty income is the gross income on which the tax is limited by a tax treaty. Treaty income includes, for example, dividends from sources in the United States that are subject to tax at a tax treaty rate not to exceed 15%. Nontreaty income is the gross income other than treaty income of a nonresident alien.

Figure tax on treaty income on each separate item of income at the reduced rate that applies to that item under the terms of the treaty.

To determine tax on nontreaty income, figure a partial tax on nontreaty income either at the flat 30% rate or the graduated rate, depending upon whether or not the income is effectively connected with your trade or business in the United States.

Your tax liability is the sum of the tax on treaty income plus the partial tax on nontreaty income, but cannot be more than the tax liability figured as if the tax treaty had not come into effect.

Example. Arthur Banks is a nonresident alien who is single and a resident of a foreign country that has a tax treaty with the United States. He received gross income of \$24,050 during the tax year from sources within the United States, consisting of the following items:

Dividends on which the tax is limited to a 15% rate by the tax treaty	\$ 1,400
Compensation for personal services on which the tax is not limited by the tax treaty	22,650
Total gross income	\$24,050

Arthur was engaged in business in the United States during the tax year. His dividends are not effectively connected with that business. He has no deductions other than his own personal exemption.

His tax liability, figured as though the tax treaty had not come into effect, is \$3,770, determined as follows:

Total gross income	\$24,050
Less: Personal exemption	2,000
Taxable income	\$22,050
Tax determined by graduated rate (Tax Table column for single taxpayers), as though the tax treaty had not come into effect	\$ 3,770

Arthur's tax liability, figured by taking into account the reduced rates on separate items of treaty income as provided by the tax treaty, is \$3,588, determined as follows:

Nontreaty gross income (compensation)	\$22,650
Less: Personal exemption	2,000
Nontreaty taxable income	\$20,650
Tax determined by graduated rate (Tax Table column for single taxpayers)	\$ 3,370
Plus: Tax on gross dividends (\$1,400 × 15%)	210
Tax on compensation and dividends	\$ 3,588

His tax liability, therefore, is limited to the \$3,588, the tax liability figured using the tax treaty rate on the dividends.

Some Typical Tax Treaty Benefits

Some general information follows concerning possible tax treaty benefits for income from activities in the United States such as working, training, studying, teaching, or receiving income in the form of capital gains. However, tax treaty benefits also cover such income as dividends, interest, rentals, royalties, pensions, and annuities. If you are a resident of a treaty country and receive this type of income, you should consult the applicable treaty. Get Publication 901, *U.S. Tax Treaties*, for more information on tax treaties.

The following five provisions give a general explanation of some benefits found in many tax treaties. The table that follows shows where to find the provision in each treaty. The columns are lettered A to E, representing the five provisions, and the list of tax treaty countries is on the left. The numerals represent the number of the tax treaty article involved.

Example. John Azar, a teacher from Italy, sees that provision B might cover his situation. He finds column B of the table and going down to the line for Italy he finds that he should read Article 20 of the United States-Italy income tax treaty, as he may qualify to exempt from U.S. tax the income he receives for teaching in the United States.

TABLE OF TAX TREATY ARTICLES

Statements	A	B	C	D	E
Australia.....	14,15		19	20	
Austria.....	X	XII	XI	XIII	
Bahamas.....	14,15		19	20	13
Belgium.....	14,15	20	19	21	13
Canada.....	XIV,XV		XIX	XX	XIII
China, People's Rep. of.....	13,14	19	18	20	12
Cyprus.....	17,18		22	21	16
Denmark.....	XI	XIV	X	XIII	
Egypt.....	15,16	22	21	23	14
Finland.....	18,19	20	22	21	16
France.....	14,15	17	16	18	12
Germany.....	X	XII	XI	XIII	IXA
Greece.....	X	XII	XI	XIII	
Hungary.....	13,14	17	16	18	12
Iceland.....	18,19	21	23	22	16
Ireland.....	XI	XVIII	X	XIX	
Italy.....	14,15	20	19	21	13
Jamaica.....	14,15	22	20	21	13
Japan.....	17,18	19	21	20	16
Korea.....	18,19	20	22	21	16
Luxembourg.....	XII	XIII	XI	XIV	
Malta.....	14,15	21	20	22	13
Morocco.....	14,15		17	18	13
Netherlands.....	XVI	XVII	XV	XVIII	XI
New Zealand.....	14,15		19	20	13
Norway.....	13,14	15	17	16	12
Pakistan.....	XI	XII	IX	XIII	
Philippines.....	15,16	21	20	22	14
Poland.....	15,18	17	19	18	14
Romania.....	14,15	19	18	20	13
Sweden.....	XI	XII	X	XII	IX
Switzerland.....	X	XII	XI	XIII	
Trinidad and Tobago.....	17	18	20	19	
Union of Soviet Socialist Republics.....	VI	VI	VI	VI	III
United Kingdom.....	14,15	20	19	21	13

Provision A—For Visitors on a Short Stay

Nonresident aliens from treaty countries who are in the United States for a short stay, and who also meet certain other requirements, may be able to treat their compensation received for personal services performed in the United States as tax exempt. Most tax treaties require that the nonresident alien claiming this exemption be present in the United States for a total of not more than 183 days during the tax year. Other tax treaties specify a maximum of

180 days or 90 days. Spending part of a day in the United States counts as a day of presence. Tax treaties may also require that:

- 1) The compensation cannot be more than a specific amount (frequently \$3,000), and
- 2) The individual have a foreign employer; that is, an individual, corporation, or entity of a foreign country.

No compensation is exempt under the short stay treaty provision unless all of the requirements are met.

Explanations of the provisions in each treaty are in Publication 901.

Provision B—For Teachers and Professors from Treaty Countries

Nonresident alien teachers or professors who are residents of certain treaty countries and who temporarily visit the United States for the primary purpose of teaching at a university or other accredited educational institution are not subject to U.S. income tax on compensation received for such teaching for the first 2 and sometimes 3 years after their arrival in the United States. Many treaties also provide exemption for engaging in research. For most treaty exemptions, the arrival date in the United States for purposes of figuring the exemption is the date of the teacher's or researcher's last entry into the United States before beginning the teaching or research services. This is provided that treaty benefits have not been claimed under the same treaty article prior to that date.

Some treaties also require that the teacher or professor teach as the result of:

- 1) An agreement between the United States and the treaty country,
- 2) An agreement for the exchange of professors and teachers between an educational institution in the United States and an educational institution in the treaty country, or
- 3) An invitation from the U.S. Government.

For this type of treaty provision to apply, it must be the primary purpose of the teacher or professor to teach, lecture, instruct, or engage in research. A substantial part of that person's time must be devoted to those duties. The normal duties of a teacher include not only formal classroom work involving regularly scheduled lectures, demonstrations, or other student-participation activities, but also the less formal method of presenting ideas in seminars or other informal groups and in joint efforts in the laboratory. Explanations are in Publication 901.

Provision C—For Employees of Foreign Governments

All treaties have provisions for the exemption of income earned by certain employees of foreign governments. However, a difference exists among treaties as to who qualifies for this benefit. Under many treaties, aliens admitted to the United States for permanent residence do not qualify. Under most treaties, aliens who are not nationals or subjects of the foreign country do not qualify. Employees of foreign governments should read the pertinent treaty carefully to determine whether they qualify for benefits. Chapter 10 of this publication also has advice for employees of foreign governments.

Get Publication 901 for more information.

Provision D—For Trainees, Students, and Apprentices

Students, apprentices, and trainees generally are exempt from tax on remittances (including scholarship and fellowship grants) received from abroad for study and maintenance. Also, under certain circumstances, a limited amount of compensation received by students, trainees, and apprentices may be exempt from tax.

Each treaty's provisions are discussed in Publication 901.

Provision E—Capital Gains

The treaties with Barbados, Belgium, Canada, China, Cyprus, Egypt, Finland, France, Germany, Hungary, Iceland, Italy, Jamaica, Japan, Korea, Malta, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Romania, Sweden, the USSR, and the United Kingdom provide for the exemption of gains from the sale or exchange of certain capital assets by a nonresident alien under certain conditions.

Under the treaty with Sweden, the gain is exempt if the nonresident alien does not have a permanent establishment in the United States. Under all other treaties that contain a capital gain exemption, the gain is exempt if it is not from an asset that is effectively connected with a permanent establishment in the United States. U.S. tax law provides if the gain is not effectively connected with a trade or business in the United States, the nonresident alien receiving the gain is considered *not* to have a permanent establishment in the United States at any time during the tax year.

Obtaining Copies of Tax Treaties

If you would like to read a tax treaty or get a copy of it, see the *Table of Tax Treaties* in this publication. The tax treaties are published in the *Internal Revenue Cumulative Bulletins* (C.B.), which are volumes containing official matters of the Internal Revenue Service. The column-headed *Citation* shows the number of the *Cumulative Bulletin* and the page on which the treaty can be found.

Regulations implementing some treaties were issued as Treasury Decisions (T.D.). Other treaties are explained by Treasury explanation. The last column lists the T.D. numbers and the *Cumulative Bulletin* in which each T.D. or Treasury explanation is printed.

You can buy *Cumulative Bulletins* from the Government Printing Office. Copies of the *Cumulative Bulletins* are also available in most IRS offices and you are welcome to read them there. Many public libraries and business organizations subscribe to commercial tax services that publish the treaties and regulations or explanations. You may find it convenient to use those sources.

Reporting Treaty Benefits Claimed

If you claim treaty benefits that override or modify any provision of the Internal Revenue Code, and by claiming these benefits, your tax is, or might be, reduced, you must file an income tax return on Form 1040NR and you must report certain information on a statement attached to

the return. See *Exceptions* below, for the situations where you are not required to report this information.

You must file a U.S. tax return and an information statement if you claim the following treaty benefits:

- 1) A reduction or modification in the taxation of gain or loss from the disposition of a U.S. real property interest based on a treaty.
- 2) A change to the source of an item of income or a deduction based on a treaty.
- 3) A credit for a specific foreign tax for which foreign tax credit would not be allowed by the Internal Revenue Code.

This is only a partial list of the situations under which you must file an information statement attached to your U.S. tax return.

Exceptions. You do not have to file an information statement if you claim the following treaty benefits:

- 1) A reduced rate of withholding tax under a treaty on interest, dividends, rent, royalties, or other fixed or determinable annual or periodic income ordinarily subject to the 30% rate.
- 2) A determination of your country of residence under a treaty and not under the rules for residency discussed earlier in this publication.
- 3) A reduced or lower rate of tax on your income from dependent personal services, pensions, annuities, social security and other public pensions, or income of artists, athletes, students, trainees, or teachers.
- 4) A reduced or modified rate of tax on income under an International Social Security Agreement or a Diplomatic or Consular Agreement.

Reporting is also not required if you are a partner in a partnership or a beneficiary of an estate or trust if the partnership, estate, or trust reports the required information on its return.

Information to be reported. If you are required to attach an information statement to your U.S. tax return, the following information must be included in the order shown:

- 1) Your name, taxpayer identification number (if any), and your address both in your country of residence and in the United States;
- 2) The name, taxpayer identification number (if available to you), and address in the United States of the payer of the income (if fixed or determinable annual or periodical income);
- 3) A statement whether you are a U.S. citizen or resident;
- 4) A separate statement of facts relied upon to support each separate treaty benefit claimed, including for each one:
 - a) The nature and amount of each separate payment or separate income item for which the treaty benefit is claimed,
 - b) An explanation of the benefit claimed with a brief summary of the facts on which it is based,
 - c) The specific treaty provision relied upon,
 - d) The Internal Revenue Code provision that is modified or overridden, and
 - e) The provisions of the limitation on benefits article (if any) in the treaty that you relied on to prevent application of that article.

For purposes of a) above, you may treat payments or income items of the same type (for example, interest items) received from the same payer (for example, the obligor on a note) as a single separate payment or income item.

Penalty for failure to provide information. If you are required to provide the information described above, you are subject to a penalty of \$1,000 per year. These reporting requirements apply to returns due (without extension) 1988.

If you filed your return before January 1, 1989, and you failed to provide the information required above, or if, because of the change in the law, you are not required to file a U.S. tax return, you must file a separate information statement on or before March 10, 1990. Send it to:

Internal Revenue Service
P.O. Box 21088
Philadelphia, PA 19114

The separate statement must be signed and sworn to by you under the penalty of perjury.

10. Foreign Governments and International Organizations

Employees of foreign governments (including foreign municipalities) have a tax exemption of their governmental income from U.S. income tax:

- 1) By a provision in a tax treaty or a convention between the United States and their country, or
- 2) By meeting the requirements of

Tax treaty countries. If you are a resident alien that has a tax treaty with the United States, you should first look at the treaty to see if it contains a provision that exempts your income from U.S. tax. For the specific provisions, see column 4 of the *Table of Tax Treaty Articles*, in Chapter 10. This table lists tax treaty articles for employees of foreign governments. The income of U.S. resident aliens working for foreign governments usually is not exempt. However, in certain instances, the income of a U.S. citizen or resident alien may qualify. Often the exemption is limited to the income of persons who are nationals of the foreign country.

Exemptions under U.S. tax law. Employees of foreign countries who do not qualify for a tax treaty provision and employees of international organizations should see if they can qualify for an exemption by meeting the requirements of U.S. tax law.

If you are not a citizen of the United States and you are a citizen of the United States or a citizen of the Philippines, and you are employed by a foreign government in the United States, your foreign government salary is exempt from U.S. tax if you perform services similar to those performed by U.S. government employees in a foreign country and that foreign government grants an equivalent exemption. If you are an international organization in the United States, your salary from that organization is exempt from U.S. tax.

Certification. To qualify for the exemption under U.S. tax law, the foreign government or organization which you work for must certify to the Internal Revenue Service that you are their employee and that you perform services similar to those performed by employees of the United States government in that country. However, see the following for information that may affect your qualifying for the exemption.

Table of Tax Treaties (Discussed in Chapter 9)

Country	Official text symbol	Effective date	Citation	Applicable Treasury explanations or Treasury Decisions (T.D.)
Australia.....	TIAS' 10773	Dec. 1, 1983	1986 - 2 C.B. 220	1986 - 2 C.B. 248
Austria.....	TIAS 3923	Jan. 1, 1957	1957 - 2 C.B. 985	T.D. 6322, 1958 - 2 C.B. 1038.
Barbados.....	TIAS	Jan. 1, 1984		
Belgium.....	TIAS 7463	Jan. 1, 1971	1973 - 1 C.B. 619	
Protocol.....	TIAS	Various		
Canada ¹	TIAS	Jan. 1, 1985	1986 - 2 C.B. 258	1987 - 2 C.B. 298
China, People's Republic of.....	TIAS	Jan. 1, 1987	1988 - 1 C.B. 414	1988 - 1 C.B. 447
Cyprus.....	TIAS 10965	Jan. 1, 1988	1989 - 39 I.R.B. 4	1989 - 39 I.R.B. 38
Denmark.....	TIAS 1854	Jan. 1, 1948	1950 - 1 C.B. 77	T.D. 5692, 1949 - 1 C.B. 104; T.D. 5777, 1950 - 1 C.B. 76, 1982 - 1 C.B. 243.
Egypt.....	TIAS 10149	Jan. 1, 1982	1982 - 1 C.B. 219	
Finland.....	TIAS 7042	Feb. 28, 1971	1971 - 1 C.B. 513	
France.....	TIAS 6518	Jan. 1, 1987	1988 - 2 C.B. 691	T.D. 6986, 1989 - 1 C.B. 365.
Protocol.....	TIAS 7270	Jan. 1, 1970	1972 - 1 C.B. 438	
Protocol.....	TIAS 9500	Jan. 1, 1979	1979 - 2 C.B. 411	1979 - 2 C.B. 428.
Protocol.....	TIAS	Oct. 1, 1985	1987 - 2 C.B. 326	
Protocol.....	TIAS	Various		
Germany, Federal Republic of.....	TIAS 3133	Jan. 1, 1954	1955 - 1 C.B. 635	T.D. 6122, 1955 - 1 C.B. 641.
Protocol.....	TIAS 5920	Various	1986 - 1 C.B. 360	
Greece.....	TIAS 2902	Jan. 1, 1953	1958 - 2 C.B. 1054	T.D. 6109, 1954 - 2 C.B. 638.
Protocol.....	TIAS 2902	Jan. 1, 1953	1958 - 2 C.B. 1059	
Hungary.....	TIAS 9560	Jan. 1, 1980	1980 - 1 C.B. 333	1980 - 1 C.B. 354.
Iceland.....	TIAS 8151	Jan. 1, 1976	1976 - 1 C.B. 442	1976 - 1 C.B. 456.
Ireland.....	TIAS 2356	Jan. 1, 1951	1958 - 2 C.B. 1060	T.D. 5897, 1952 - 1 C.B. 89.
Italy.....	TIAS	Jan. 1, 1985		
Jamaica.....	TIAS 10207	Jan. 1, 1982	1982 - 1 C.B. 257	1982 - 1 C.B. 291.
Japan.....	TIAS 7365	Jan. 1, 1973	1973 - 1 C.B. 630	1973 - 1 C.B. 653.
Korea, Republic of.....	TIAS 9506	Jan. 1, 1980	1979 - 2 C.B. 435	1979 - 2 C.B. 458.
Luxembourg.....	TIAS 5726	Jan. 1, 1984	1985 - 1 C.B. 615	1985 - 1 C.B. 642.
Malta.....	TIAS 10567	Jan. 1, 1982	1984 - 2 C.B. 339	1984 - 2 C.B. 366.
Morocco.....	TIAS 10195	Jan. 1, 1981	1982 - 2 C.B. 405	1982 - 2 C.B. 427.
Netherlands.....	TIAS 1855	Jan. 1, 1947	1950 - 1 C.B. 93	T.D. 5690, 1949 - 1 C.B. 92; T.D. 5778, 1950 - 1 C.B. 92, T.D. 6153, 1955 - 2 C.B. 777.
Supplemental.....	TIAS 3366	Nov. 10, 1955	1956 - 2 C.B. 1116	
Supplemental.....	TIAS 6051	Jan. 1, 1987	1987 - 2 C.B. 472	
New Zealand.....	TIAS 10772	Nov. 2, 1983		
Norway.....	TIAS 7474	Jan. 1, 1971	1973 - 1 C.B. 669	1973 - 1 C.B. 693.
Protocol.....	TIAS 10205	Various	1982 - 2 C.B. 440	1982 - 2 C.B. 454.
Pakistan.....	TIAS 4232	Jan. 1, 1959	1960 - 2 C.B. 646	T.D. 6431, 1960 - 1 C.B. 755.
Philippines.....	TIAS 10417	Jan. 1, 1983	1984 - 2 C.B. 384	1984 - 2 C.B. 412.
Poland.....	TIAS 8496	Jan. 1, 1974	1977 - 1 C.B. 416	1977 - 1 C.B. 427.
Romania.....	TIAS 8228	Jan. 1, 1974	1976 - 2 C.B. 492	1976 - 2 C.B. 504.
Sweden.....	TS ³ 958	Jan. 1, 1940	1940 - 2 C.B. 43	T.D. 4975, 1940 - 2 C.B. 43.
Supplemental.....	TIAS 5856	Various	1985 - 1 C.B. 626	1985 - 1 C.B. 674.
Switzerland.....	TIAS 2316	Jan. 1, 1951	1955 - 2 C.B. 815	T.D. 5867, 1951 - 2 C.B. 75; T.D. 6149, 1955 - 2 C.B. 814.
Trinidad and Tobago.....	TIAS 7047	Jan. 1, 1970	1971 - 2 C.B. 479	1976 - 2 C.B. 475.
Union of Soviet Socialist Republics.....	TIAS 8225	Jan. 1, 1976	1976 - 2 C.B. 463	1980 - 1 C.B. 455.
United Kingdom.....	TIAS 9882	Jan. 1, 1975	1980 - 1 C.B. 394	

¹Treaties and Other International Acts Series.

²The Canadian Treaty also may be found in Publication 507, *Information on the United States—Canada Income Tax Treaty*.

³Treaty Series.

Allens who file the waiver provided by section 247(b) of the Immigration and Nationality Act to keep their immigrant status no longer qualify for the exemption from U.S. tax under U.S. tax law from the date of filing the waiver with the Attorney General.

Generally, citizens of a tax treaty country who are employees of their government and who are exempt from U.S. tax by an income tax treaty between the United States and their country do not lose the exemption if they sign the waiver.

If the international agreement creating the international organization for which you work provides that alien employees are exempt from U.S. income tax, your exemption is *not* affected by the filing of a section 247(b) waiver. Two international organizations that have such a provision are the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank).

Note. Only employees of international organizations and foreign governments who are *not* U.S. citizens qualify for the exemption of wages under U.S. tax law. The one exception to this

rule is a U.S. citizen who is also a citizen of the Philippines. In addition, the statutory exception applies only to current employees and not to former employees. Pensions received by former employees living in this country do not qualify for exemption.

An international organization is an organization designated by the President of the United States through Executive Order to qualify for the privileges, exemptions, and immunities provided in the International Organizations Immunities Act.

Aliens should find out if they have been made known to, and have been accepted by, the Secretary of State as officers or employees of that organization, or if they have been designated by the Secretary of State, before formal notification and acceptance, as prospective officers or employees.

Employees of an international organization claiming exemption should know the number of the Executive Order covering their organization and should have some written evidence of their

acceptance or designation by the Secretary of State.

The exemption is denied when, because the Secretary of State determines the alien's presence in the United States is no longer desirable, an employee leaves the United States (or after a reasonable time allowed for leaving the United States). The exemption is also denied when a foreign country does not allow similar exemptions to U.S. citizens. Then the Secretary of State can withdraw the privileges, exemptions, and immunities from the nationals of that foreign country.

Diplomatic Representatives, Consular Officers, and Employees of Consulates

All diplomatic representatives are exempt from tax by a tax treaty or by the statutory U.S. tax law described in this chapter. Consular officers

and employees of consulates who are not citizens or residents of the United States are exempt from tax by a tax treaty, by U.S. tax law, or by a consular convention.

Scope of Exemption

The exemption discussed in this section applies only to pay received for services performed for a foreign government or international organization. Other U.S. income received by persons who qualify for this exemption may be fully taxable or given favorable treatment under an applicable tax treaty provision. The proper treatment of this kind of income (interest, dividends, etc.) is discussed earlier in this publication.

11. Departing Aliens and the Sailing or Departure Permit

Before leaving the United States, all aliens (except those listed next under *Aliens Not Required to Obtain Sailing or Departure Permits*) must obtain a certificate of compliance. This document, also popularly known as the *sailing permit* or *departure permit*, is part of the income tax form you must file before leaving. You will receive a sailing or departure permit after filing a Form 1040C or Form 2063. These forms are discussed in this chapter.

You generally must pay all U.S. income tax due on your income subject to U.S. tax during the tax year up to the date you leave when you file for your sailing or departure permit. Any taxes due for past years will also have to be paid. However, in some situations, if you can demonstrate to the Internal Revenue Service that your departure does not endanger the collection of tax, you can receive a sailing or departure permit without paying tax at that time.

If you try to leave the United States without a sailing or departure permit, and cannot show that you qualify to leave without it, you may be subject to an income tax examination by an IRS employee at the point of departure. You must then complete the necessary income tax returns and statements and, ordinarily, pay any taxes due.

Aliens Not Required to Obtain Sailing or Departure Permits

If you are included in one of the following categories, you do not have to get a sailing or departure permit before leaving the United States.

[1] Representatives of foreign governments with diplomatic passports, whether accredited to the United States or other countries, members of their households, and servants accompanying them.

Servants who are leaving, but not with a person with a diplomatic passport, must get a sailing or departure permit. However, they can get a sailing or departure permit on Form 2063 without examination of their income tax liability by presenting a letter from the chief of their diplomatic mission certifying that:

- 1) Their name appears on the "White List" (a list of employees of diplomatic missions), and
- 2) They do not owe to the United States any income tax, and will not owe any tax up to and including the intended date of departure.

The statement must be presented to an IRS office.

[2] Employees of foreign governments and international organizations (other than diplomatic representatives exempt under category [1]) and members of their households:

- 1) Whose compensation for official services is exempt from U.S. tax under U.S. tax laws (described in Chapter 10), and
- 2) Who receive no income subject to U.S. tax.

[3] Alien students who enter on F visas and receive no income subject to U.S. tax while they are in the United States under those visas, other than allowances covering the expenses incident to their study in the United States, such as expenses for travel, maintenance, and tuition, and the value of any services or food and lodging provided to them in connection with this study.

[4] Alien industrial trainees who enter on H-3 visas and receive no income subject to U.S. tax while they are in the United States under those visas, other than allowances covering the expenses for this training in the United States, such as expenses for travel, and maintenance, and the value of any services or food and lodging provided to them in connection with this training.

[5] Certain other aliens temporarily in the United States who have received no taxable income during the tax year up to and including the date of departure or during the preceding tax year. If the IRS has reason to believe that an alien has received income subject to tax and that the collection of income tax is jeopardized by departure, it may then require the alien to obtain a sailing or departure permit. Aliens covered by this paragraph are:

- 1) Alien military trainees who enter the United States for training under the sponsorship of the Department of Defense and who leave the United States on official military travel orders,
- 2) Alien visitors for business on a B-1 visa, or both a B-1 visa and a B-2 visa, who do not remain in the United States or a U.S. possession for more than 90 days during the tax year,
- 3) Alien visitors for pleasure on a B-2 visa,
- 4) Aliens in transit through the United States or any of its possessions on a C-1 visa, or under a contract, such as a bond agreement, between a transportation line and the Attorney General under section 238(d) of the Immigration and Nationality Act, and
- 5) Aliens who enter the United States on a border-crossing identification card; or for whom passports, visas, and border-crossing identification cards are not required, if they are visitors for pleasure, or visitors for business who do not remain in the United States or a U.S. possession for more than 90 days during the tax year; or if they are in transit through the United States or any of its possessions.

[6] Alien residents of Canada or Mexico who frequently commute between that country and the United States for employment, and whose wages are subject to the withholding of U.S. tax.

If you are in one of these categories and do not have to get a sailing or departure permit, you must be able to support your claim for exemption with proper identification or give the authority for the exemption.

Exceptions. If you are an alien in category [1] or [2] above, who filed the waiver under section 247(b) of the Immigration and Nationality Act, you must get a sailing or departure permit.

If you are an alien in category [1] or [2], whose income is exempt from U.S. tax because of an income tax treaty or international agreement, you do not lose this tax exemption by signing the

section 247(b) waiver. But you must get a sailing or departure permit even though your income is exempt.

Note. An exchange visitor admitted to the United States on a J visa must have a certificate of compliance when leaving the United States according to the instructions earlier in this publication, even though the visitor was a student in the United States.

Getting a Sailing or Departure Permit or Certificate of Compliance

The following discussion covers where to get your sailing permit.

Where to get a sailing or departure permit. You should get your sailing or departure permit from the IRS District Director for your area. It is advisable for aliens who have been in the United States to get the permit in the area of their employment. A certificate of compliance can be obtained from an IRS office in the area of their departure.

When to get a sailing or departure permit. You should get your sailing or departure permit at least 2 weeks before you plan to depart. It cannot apply earlier than 30 days before the planned departure date. Do not wait until the last minute in case there are unexpected changes.

Papers to submit. Getting your sailing or departure permit will go faster if you bring IRS office papers and documents relating to your income and your stay in the United States.

Forms to File

If you must get a sailing or departure permit, you must file Form 2063 or Form 1040C in the IRS office can assist in filing it. Both forms have a "certificate of compliance" section. When the certificate of compliance is signed by an agent of the District Director, it certifies that your U.S. tax obligations are satisfied according to available information. Form 1040C is a copy of the signed certificate, the one detached from Form 2063, sailing or departure permit.

Form 2063. This is a short form that contains certain information but does not include income tax computation. The following departures get their sailing or departure permit on Form 2063, *U.S. Departing Alien in Transit*:

- 1) Aliens, whether resident or not, who have had no taxable income for the tax year up to and including the date of departure and for the preceding year, if it is the income tax return for that year that is not expired, or
- 2) Resident aliens who have received income during the tax year or for the preceding year and who intend to continue their residence in the United States during the tax year. However, if the alien has information indicating that the alien will not be able to support their claim for exemption with proper identification or give the authority for the exemption, they must file a Form 1040C.

Aliens in either of these categories who have not filed an income tax return for any tax year must file the return for that year before they can be issued a sailing or departure permit on Form 2063.

The sailing or departure permit on Form 2063 can be used for all departures during the current year. However, the IRS will not issue a sailing or departure permit for

departure if they believe the collection of income tax is jeopardized by any later departure.

Form 1040C. If you must get a sailing or departure permit and are not qualified to file Form 2063, you must file Form 1040C, *U.S. Departing Alien Income Tax Return*.

Ordinarily, all income received or reasonably expected to be received during the tax year up to and including the date of departure must be reported on Form 1040C and the tax on it must be paid. When you pay any tax shown as due on the Form 1040C, and you file all returns and pay all tax due for previous years, you will receive a sailing or departure permit. However, the IRS may permit you to furnish a bond or an employer letter guaranteeing payment instead of paying the taxes for certain years. See *Bond or Employer Letter to Insure Payment*, discussed later. The sailing or departure permit issued under the conditions in this paragraph is only for the specific departure for which it is issued.

If you submit an employer letter guaranteeing payment of tax with your Form 1040C, you do not need to fill out the form in detail. Just fill out the identifying information on the form, sign it, and attach the letter. The IRS office where you submit the form will then issue your sailing or departure permit.

Ordinarily, departing nonresident aliens who have taxable income must satisfy their U.S. tax obligations as discussed in the previous paragraph. However, if you furnish the IRS with information showing, to the satisfaction of the Service, that you intend to return to the United States and that your departure does not jeopardize the collection of income tax, you can get a sailing or departure permit by filing Form 1040C without having to pay the tax shown on it. You must, however, file all income tax returns that have not yet been filed as required, and pay all income tax that is due on these returns.

If the IRS is satisfied that the tax is not in jeopardy, you do not have to pay tax on income reported on Form 1040C as stated in the previous paragraph; nor do you have to file the return for the preceding year or pay the tax due on it if the period for filing that return has not expired. You must pay these taxes when you file your annual income tax returns. Your Form 1040C must include all income received and reasonably expected to be received during the entire year of departure. The sailing or departure permit issued with this Form 1040C can be used for all departures during the current year. However, the Service may cancel the sailing or departure permit for any later departure if the payment of income tax appears to be in jeopardy.

Joint return on Form 1040C. Departing husbands and wives who are nonresident aliens cannot file joint returns. However, if both spouses are resident aliens, they can file a joint return on Form 1040C if:

- 1) Both spouses may reasonably be expected to qualify to file a joint return at the normal close of their tax year, and
- 2) If the tax years of the spouses are ended, they are ended so as to end at the same time.

If you are a resident alien and wish to file a joint return, contact the IRS office where you file the form.

Bond or Employer Letter to Insure Payment

Usually, you must pay the tax shown as due on Form 1040C when you file it. However, if you pay all taxes due that you owe for prior years, you can furnish a bond or an employer letter

guaranteeing payment instead of paying the income taxes shown as due on the Form 1040C or the tax return for the preceding year if the period for filing that return has not expired.

The bond must equal the tax due plus interest to the date of payment as figured by the IRS. Information about the form of bond and security on it can be obtained from your IRS office.

Paying Taxes and Obtaining Refunds

Except when a bond or an employer letter is furnished, or the IRS is satisfied that the departure of a nonresident alien does not jeopardize the collection of income tax, you must pay all tax shown as due on the Form 1040C at the time of filing it. If the tax computation on Form 1040C results in overpayment, there is no tax to pay at the time you file that return. However, the IRS cannot provide a refund at the time of departure. If you are due a refund, you must file Form 1040NR at the end of the tax year.

Filing Annual U.S. Income Tax Returns

Form 1040C is not an annual U.S. income tax return. If an income tax return is required by law, that return must be filed even though a Form 1040C has already been filed. Chapters 5 and 7 discuss filing an annual U.S. income tax return. The tax paid with Form 1040C should be taken as a credit against the tax liability for the entire tax year as shown on your annual U.S. income tax return.

142

Appendix A

This appendix contains Revenue Procedure 87-8 from the Internal Revenue Cumulative Bulletin 1987-1, pages 366-368. This procedure applies

to nonresident alien students, and contains the statements required to be filed with Form 8233, *Exemption From Withholding on Compensation for Independent Personal Services of a Nonresident*

Alien Individual, to claim a tax free from withholding of tax on compensation for dependent personal services. See more information on withholding.

SECTION 1. PURPOSE

Alien students at United States universities and other educational institutions who receive compensation for services performed for a limited time are exempt from United States income tax on such compensation if an applicable tax treaty so provides and if the requirements of the treaty are met. These requirements include a maximum dollar amount per taxable year for which an exemption may be claimed. The purpose of this revenue procedure is to inform withholding agents what information they must obtain in order to rely on an alien's claim for exemption from withholding under an income tax treaty to which the United States is a party.

This revenue procedure is intended to describe the circumstances under which a withholding agent may ensure that he will not be liable for failure to withhold and pay over federal tax on compensation paid to an alien student. It is not intended to prescribe conditions under which an alien is eligible for a treaty exemption. An alien's eligibility for a treaty exemption is a factual question to be determined under the circumstances of each case.

SEC. 2. SCOPE

This revenue procedure applies to student's exemptions claimed under the indicated articles of the tax treaties between the United States and the following countries:

- Belgium (Article 21)
- Peoples Republic of China (Article 20)
- Cyprus (Article 21)
- Egypt (Article 23)
- Finland (Article 21)
- France (Article 18)
- Iceland (Article 22)
- Japan (Article 20)
- Korea (Article 21)
- Morocco (Article 18)
- Netherlands (Article XVIII)
- Norway (Article 16)
- Pakistan (Article (XIII))
- Philippines (Article 22)
- Poland (Article 18)
- Romania (Article 20)
- Trinidad and Tobago (Article 19)

SEC. 3. EFFECT

In general, if a nonresident alien student supplies to the payor of compensation for services the information prescribed in section 5 of this revenue procedure in the form prescribed in section 4 of this revenue procedure, the payor will not be liable as a withholding agent under either section 1441 or section 3402 of the Internal Revenue Code for failure to withhold and pay over federal income tax on compensation for such services. This rule will not apply if the payor actually knows or reasonably should know that the alien is not eligible for the treaty exemption, as discussed in section 6 of this revenue procedure.

SEC. 4. FORM TO BE SUBMITTED

Sections 1441 and 3402 of the Code require the payor of compensation for personal services to withhold and pay over federal taxes on such payments. Section 894 provides that, to the extent required by any treaty obligation of the United States, income of any kind shall not be included in gross income and shall be exempt from taxation.

Aliens receiving compensation claimed to be exempt under a treaty must inform the payor of the grounds for their claim by submitting Form 8233 (in duplicate if the compensation is wages). The Form 8233 must contain sufficient facts to justify the claim for exemption. A separate Form 8233 must be filed for each taxable year.

To meet the requirements of this revenue procedure, the alien must file Form 8233 completed in accordance with the instructions to that form. The Form 8233 must contain the specific representations described in section 5 of this revenue procedure for the country under whose treaty the alien claims exemption.

SEC. 5. STATEMENTS REQUIRED IN FORM 8233

.01 *In general.* The subsections of this section list the statements that must be contained in Form 8233 for exemptions claimed under each treaty article listed in section 2. Where more than one country is listed in the heading of a subsection,

the requirements of that subsection are identical for each country listed.

For most treaties, the alien must make representations about the date of his arrival in the United States. In many cases, whether the alien meets the residency and time limitations of the treaty is determined with reference to this date. In this revenue procedure, the date of the alien's arrival in the United States means the date of his last arrival in the United States before beginning study at a United States university or other educational institution.

.02 *Belgium, Iceland, Japan, Korea, Norway, Poland, and Romania.*

1. I was a resident of _____ [insert the name of the country under whose treaty the alien claims exemption] on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other recognized educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption] in an amount not in excess of \$2000 for any taxable year. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. I will be present in the United States only for such period of time as may be reasonably or customarily required to effectuate the purpose of this visit.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five taxable years beginning with the taxable year that includes my arrival date.

.03 Finland, France, Netherlands, and Trinidad and Tobago.

1. I was a resident of _____ [insert the name of the country under whose treaty the alien claims exemption] on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other accredited educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption] in an amount not in excess of \$2000 for any taxable year. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. I will be present in the United States only for such period of time as may be reasonably or customarily required to effectuate the purpose of this visit.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five years taxable years.

.04 Peoples Republic of China.

1. I was a resident of the Peoples Republic of China on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am present in the United States solely for the purpose of my education or training.

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and the Peoples Republic of China in an amount not in excess of \$5000 for any taxable year.

4. I arrived in the United States on _____ [insert the date of the alien's last

arrival in the United States before beginning study or training]. I am claiming this exemption only for such period of time as is reasonably necessary to complete the education or training.

.05 Cyprus.

1. I was a resident of Cyprus on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other recognized educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and Cyprus in an amount not in excess of \$5000 for any taxable year. I have not previously claimed an income tax exemption under that treaty for income received as a student before the date of my arrival in the United States.

4. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five taxable years beginning with the taxable year that includes my arrival date, and for such additional period of time as is necessary to complete, as a full-time student, educational requirements as a candidate for a postgraduate or professional degree from a recognized educational institution.

.06 Egypt.

1. I was a resident of Egypt on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other recognized educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and Egypt in an amount not

in excess of \$3000 for any taxable year. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. I will be present in the United States only for such period of time as may be reasonably or customarily required to effectuate the purpose of this visit.

5. I arrived in the United States on _____ [insert the date of the alien's arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five taxable years beginning with the taxable year that includes my arrival date, and for such period of time as is necessary to complete, as a full-time student, educational requirements as a candidate for a postgraduate or professional degree from a recognized educational institution.

.07 Morocco.

1. I was a resident of Morocco on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other recognized educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and Morocco in an amount not in excess of \$2000 for any taxable year. I have not previously claimed an income tax exemption under that treaty for income received as a student before the date of my arrival in the United States.

4. I arrived in the United States on _____ [insert the date of the alien's arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five taxable years, beginning with the taxable year that includes my arrival date.

.08 Pakistan.

1. I am a resident of Pakistan. I am not a United States citizen. I have not been lawfully accorded the privilege of residing

145

permanently in the United States as an immigrant.

2. I am temporarily present in the United States solely as a student at _____ [insert the name of the recognized university, college or school in the United States at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and Pakistan in an amount not in excess of \$5000 for any taxable year.

.09 Philippines.

1. I was a resident of the Philippines on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am temporarily present in the United States for the primary purpose of studying at _____ [insert the name of the university or other recognized educational institution at which the alien studies].

3. I will receive compensation for personal services performed in the United States. This compensation qualifies for exemption from withholding of federal income tax under the tax treaty between the United States and the Philippines in an amount not in excess of \$3000 for any taxable year. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. I will be present in the United States only for such period of time as may be reasonably or customarily required to effectuate the purpose of this visit.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning study at the United States educational institution]. The treaty exemption is available only for compensation paid during a period of five taxable years beginning with the taxable year that includes my arrival date.

SEC. 6. EXCEPTION FOR KNOWLEDGE OF CONTRARY FACTS

In general, a withholding agent may rely on a Form 8233 that is completed in accordance with sections 4 and 5 of this revenue procedure. Such reliance is not reasonable, however, and the protection afforded by section 3 of this revenue pro-

cedure will not apply, if the agent actually knows that the alien is not eligible for the treaty exemption or actually knows or reasonably should know that a statement made by the alien on Form 8233 is false for any part of the period during which the alien claims the exemption. For example, if an alien claims an exemption for a period of time, or for an amount, in excess of that prescribed in section 5 for the applicable treaty, reliance on this revenue procedure would be unreasonable.

SEC. 7. PRIVATE RULINGS

This revenue procedure is intended to provide clear rules for aliens and withholding agents on how to ensure that the payor of compensation to an alien student claiming exemption from tax under a treaty will not be liable for failure to withhold and pay over tax on such compensation. Therefore, the Internal Revenue Service will no longer issue rulings on whether compensation paid to an alien student for services performed in the United States is exempt from withholding and from federal income taxes under the terms of one of the treaties listed in section 2 of this revenue procedure, if the alien can truthfully make the representations required by this revenue procedure for the treaty under which he claims exemption.

Appendix B

This appendix contains Revenue Procedure 87-9 from the Internal Revenue Cumulative Bulletin 1987-1, pages 368-372. This procedure applies to nonresident alien teachers and researchers,

and contains the statements required to be filed with Form 8233, *Exemption From Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual*, to claim a tax

treaty exemption from withholding compensation for dependent persons. See Chapter 8 for more information on withholding.

SECTION 1. PURPOSE

Alien teachers and researchers who receive compensation for teaching and research services performed for a limited time at a United States university or other institution are exempt from United States income tax on such compensation if an applicable tax treaty so provides and if the requirements of the treaty are met. The purpose of this revenue procedure is to inform withholding agents what information they must obtain in order to rely on an alien's claim for exemption from withholding under an income tax treaty to which the United States is a party.

This revenue procedure is intended to

describe the circumstances under which a withholding agent may ensure that he will not be liable for failure to withhold and pay over federal tax on compensation paid to an alien teacher or researcher. It is not intended to prescribe conditions under which an alien is eligible for a treaty exemption. An alien's eligibility for a treaty exemption is a factual question to be determined under the circumstances of each case.

SEC. 2. SCOPE

This revenue procedure applies to teacher's and researcher's exemptions claimed under the indicated articles of the tax treaties between the United States and the following countries:

- Austria (Article XII)
- Belgium (Article 20)
- Peoples Republic of China (Article 19)
- Denmark (Article XIV)
- Egypt (Article 22)
- Federal Republic of Germany (Article XII)
- Finland (Article 20)
- France (Article 17)
- Greece (Article XII)
- Hungary (Article 17)
- Iceland (Article 21)
- Ireland (Article XVIII)
- Italy (Article 20)
- Jamaica (Article 22)
- Japan (Article 19)
- Korea (Article 20)
- Luxembourg (Article XIII)
- Netherlands (Article XVII)
- Norway (Article 15)
- Pakistan (Article XII)

- Philippines (Article 21)
- Poland (Article 17)
- Romania (Article 19)
- Sweden (Article XII)
- Switzerland (Article XII)
- Trinidad and Tobago (Article 18)
- Union of Soviet Socialist Republics (Article VI)
- United Kingdom (Article 20)

SEC. 3. EFFECT

In general, if an alien teacher or researcher supplies to the payor of compensation for teaching or research services the information prescribed in section 5 of this revenue procedure in the form prescribed in section 4 of this revenue procedure, the payor will not be liable as a withholding agent under either section 1441 or section 3402 of the Internal Revenue Code for failure to withhold and pay over federal income tax on compensation for such services. This rule will not apply if the payor actually knows or reasonably should know that the alien is not eligible for the treaty exemption, as discussed in section 6 of this revenue procedure.

SEC. 4. FORM TO BE SUBMITTED

Sections 1441 and 3402 of the Code require the payor of compensation for personal services to withhold and pay over federal tax on such payments. Section 894 provides that, to the extent required by any treaty obligation of the United States, income of any kind shall not be included in gross income and shall be exempt from taxation.

Aliens receiving compensation claimed to be exempt under a treaty must inform the payor of the grounds for their claim by submitting Form 8233 (in duplicate if the compensation is wages). The Form 8233 must contain sufficient facts to justify the claim for exemption. A separate Form 8233 must be filed for each taxable year.

To meet the requirements of this revenue procedure, the alien must file Form 8233 completed in accordance with the instructions to that form. The Form 8233 must contain the specific representations described in Section 5 of this revenue procedure for the country under whose treaty the alien claims exemption.

SEC. 5. STATEMENTS REQUIRED IN FORM 8233

.01 *In general.* The subsections of this section list the statements that must be contained in Form 8233 for exemptions claimed under each treaty article listed in section 2. Where more than one country is listed in the heading of a subsection, the requirements of that subsection are identical for each country listed.

For each treaty, the alien must make representations about the date of his arrival in the United States. In many cases, whether the alien meets the residency and time limitations of the treaty is determined with reference to this date. In this revenue procedure, the date of the alien's arrival in the United States means the date of his last arrival in the United States before beginning the teaching, research, or similar services for which exemption is claimed.

.02 *Austria, Denmark, Federal Republic of Germany, Ireland, Pakistan, and Switzerland.*

1. I am a resident of _____ [insert the name of the country under whose treaty the alien claims exemption]. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am a professor or teacher visiting the United States for the purpose of teaching at _____ [insert the name of the educational institution at which the alien teaches], which is a recognized educational institution. I will receive compensation for my teaching activities.

3. The teaching compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption]. I have not previously claimed an income tax exemption under this treaty for income received as a teacher or student before the date of my arrival in the United States.

4. I arrived in the United States on _____ [insert the date of the alien's last arrival into the United States before beginning the teaching services for which exemption is claimed]. The treaty exemption is available only for compensation paid during a period of two years beginning on that date.

148

.03 Egypt, Hungary, Korea, Philippines, Poland, and Romania.

1. I was a resident of _____ [insert the name of the country under whose treaty the alien claims exemption] on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by the United States government (or by a political subdivision or local authority thereof), or by a university or other recognized educational institution in the United States, to come to the United States for a period not expected to exceed two years for the purpose of teaching or engaging in research at _____ [insert the name of the educational institution], which is a recognized educational institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation received during the entire taxable year (or for the portion of the year from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption]. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.04 Belgium, Finland, Japan, and Netherlands.

1. I was a resident of _____ [insert the name of the country under whose treaty the alien claims exemption] on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by the United States government, or by a university or other recognized educational institution in the United States, to come to the United States for the purpose of teaching or engaging in research at _____ [insert the name of the educational institution], which is a recognized educational institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation received during the entire taxable year (or during the portion of the year from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption]. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.05 Iceland and Norway.

1. I was a resident of _____ [insert the name of the country under whose treaty the alien claims exemption] on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by the United States government, or by a university or other recognized educational institution in the United States, to come to the United States for a period not expected to exceed two years for the purpose of teaching or engaging in research at _____ [insert the name of the educational institution], which is a recognized educational institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation qualifies for exemption from withholding of federal tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption]. I have not previously claimed an income tax exemption under this treaty for income received as a teacher, researcher or student before the date of my arrival in the United States.

4. Any research I perform will not be undertaken primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.06 Jamaica.

1. I was a resident of Jamaica on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am visiting the United States for the purpose of teaching or conducting research for a period not expected to exceed two years at _____ [insert the name of the educational institution at which the alien teaches or conducts research], which is a recognized educational institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and Jamaica. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation paid during a period of two years beginning on that date.

07 Peoples Republic of China.

1. I was a resident of the Peoples Republic of China on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am visiting the United States for the purpose of teaching, giving lectures, or conducting research at _____ [insert the name of the educational institution or scientific research institution at which the alien teaches, lectures, or conducts research], which is an accredited educational institution or scientific research institution. I will receive compensation for my teaching, lecturing, or research activities.

3. The teaching, lecturing, or research compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the treaty between the United States and Peoples Republic of China. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, lecturer, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

09 Greece.

1. I am a resident of Greece. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I am a professor or teacher visiting the United States for the purpose of teaching at _____ [insert the name of the other educational institution at which the alien teaches], which is an educational institution. I will receive compensation for my teaching activities.

3. The teaching compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and Greece. I have not previously claimed an income tax exemption under that treaty for income received as a teacher or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

10 Italy.

1. I was a resident of Italy on the date of my arrival in the United States. I am not a United States citizen. I have not been accorded the privilege of residing permanently in the United States as an immigrant.

2. I am a professor or teacher visiting the United States for the purpose of teaching or performing research at _____ [insert the name of the educational institution or medical facility at which the alien teaches or performs research], which is an educational institution or a medical facility primarily funded from governmental sources. I will receive compensation for my teaching or research activities.

3. The compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and Italy. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the general interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

11 Luxembourg and Sweden.

1. I am a resident of _____ [insert the name of the country under whose treaty the alien claims exemption]. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by _____ [insert the name of the educational institution where the alien teaches or engages in research], which is a recognized educational institution, to come to the United States for the purpose of teaching or engaging in research at that institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and _____ [insert the name of the country under whose treaty the alien claims exemption]. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will not be carried on for the benefit of any person using or disseminating the results for purposes of profit.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.12 *Trinidad and Tobago.*

1. I was a resident of Trinidad and Tobago on the date of my arrival in the United States. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by the United States government, or by a university or other educational institution in the United States, to come to the United States for the purpose of teaching or engaging in research at _____ [insert the name of the educational institution], which is an educational institution approved by an appropriate governmental education authority. No agreement exists between the government of the United States and the government of Trinidad and Tobago for the provision of my services. I will receive compensation for my teaching or research services.

3. The teaching or research compensation received during the entire taxable year (or for the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and Trinidad and Tobago. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the private benefit of a specific person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.13 *Union of Soviet Socialist Republics.*

1. I am a resident of the Union of Soviet Socialist Republics. I am not a United States citizen. I have not been lawfully accorded the privilege of residing permanently in the United States as an immigrant.

2. I have accepted an invitation by a governmental agency or institution in the United States, or by an educational or scientific research institution in the United States, to come to the United States for the purpose of teaching, engaging in research, or participating in scientific, technical, or professional conferences at _____ [insert the name of the governmental agency or institution, educational or scientific institution, or organization sponsoring a professional conference], which is a governmental agency or institution, an educational or scientific institution, or an organization sponsoring a professional conference. I will receive compensation for my teaching, research, or conference activities.

3. The teaching, research, or conference compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and the Union of Soviet Socialist Republics. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, conference participant, or student before the date of my arrival in the United States.

4. Any research I perform will not be undertaken primarily for the benefit of a private person or commercial enterprise of the United States or a foreign trade organization of the Union of Soviet Socialist Republics, unless the research is conducted on the basis of intergovernmental agreements on cooperation.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching, research, or conference services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date.

.14 *United Kingdom.*

1. I was a resident of the United Kingdom on the date of my arrival in the United States. I am not a United States citizen. I have not been accorded the privilege of residing permanently in the United States as an immigrant.

2. I am a professor or teacher visiting the United States for a period of not more than two years for the purpose of teaching or engaging in research at _____ [insert the name of the educational institution], which is a recognized educational institution. I will receive compensation for my teaching or research activities.

3. The teaching or research compensation received during the entire taxable year (or during the period from _____ to _____) qualifies for exemption from withholding of federal tax under the tax treaty between the United States and the United Kingdom. I have not previously claimed an income tax exemption under that treaty for income received as a teacher, researcher, or student before the date of my arrival in the United States.

4. Any research I perform will be undertaken in the public interest and not primarily for the benefit of any private person or persons.

5. I arrived in the United States on _____ [insert the date of the alien's last arrival in the United States before beginning the teaching or research services for which exemption is claimed]. The treaty exemption is available only for compensation received during a period of two years beginning on that date. The entire treaty exemption is lost retroactively if my stay in the United States exceeds two years.

SEC. 6. EXCEPTION FOR KNOWLEDGE OF CONTRARY FACTS

In general, a withholding agent may rely on a Form 8233 that is completed in accordance with sections 4 and 5 of this

revenue procedure. Such reliance is not reasonable, however, and the protection afforded by section 3 of this revenue procedure will not apply, if the agent actually knows that the alien is not eligible for the treaty exemption or actually knows or reasonably should know that a statement by the alien on Form 8233 is false for any part of the period during which the alien claims exemption. For example, if an alien claims an exemption for compensation paid by the withholding agent for a period of time in excess of that provided in section 5 for the applicable treaty, reliance on this revenue procedure would be unreasonable.

If an exemption claimed under the United Kingdom tax treaty is lost retroactively because the alien's stay in the United States exceeds two years, liability for failure to withhold and pay over federal tax will not be retroactively imposed on a withholding agent for any payment made at a time when the agent's reliance on the statement contained in Form 8233 was reasonable. However, reliance on such statement is unreasonable if an alien claiming an exemption under the United Kingdom treaty has a contract with the withholding agent under which it is expected that the alien will remain in the United States for more than two years.

SEC. 7. PRIVATE RULINGS

This revenue procedure is intended to provide clear rules for aliens and withholding agents on how to ensure that the payor of teaching, research, and similar compensation to an alien claiming exemption from tax under a treaty will not be liable for failure to withhold and pay over tax on such compensation. Therefore, the Internal Revenue Service will no longer issue rulings on whether compensation paid to an alien for teaching or research services performed in the United States for an educational or scientific institution is exempt from withholding and from federal income tax under the terms of one of the treaties listed in section 2 of this revenue procedure, if the alien can truthfully make the representations required by this revenue procedure for the treaty under which he claims exemption.

INDEX

- Aliens:
 - American Samoa.....5
 - Cuba.....5
 - Dual-status.....3, 16
 - Nonresident.....1
 - Puerto Rico.....5
 - Resident.....1
- Capital assets, sales or exchanges.....11
- Casualty and theft losses.....14
- Charitable contributions.....14
- Community income.....6
- Consular employees, exempt from tax.....33
- Credits against tax:
 - Child care credit.....15, 20
 - Credit for the elderly.....20
 - Earned income credit.....15
 - Excess social security tax withheld.....15
 - Foreign tax credit.....15, 20
 - Regulated investment company credit.....15
 - Tax withheld at source.....15
 - Tax withheld on partnership income.....15
 - Withholding from wages.....15
- Diplomatic representatives, exempt from tax.....33
- Dividends, U.S. source income.....5
- Dual-status tax year:
 - Child care credit.....20
 - Computation of tax.....20
 - Credit for the elderly.....20
 - Exemptions.....16
 - Foreign tax credit.....20
 - Form 1040.....20
 - Form 1040NR.....21
 - Head of household.....16
 - Illustration of return.....21
 - Income subject to tax.....16
 - Joint return.....4, 16
 - Restrictions.....16
 - Standard deduction.....16
 - Tax rates.....16
 - When and where to file.....21
- Effectively connected income.....20
- Effectively connected income:
 - Asset-use test.....10
 - Business-activities test.....10
 - Foreign income.....10
 - Investment income.....10
 - Pensions.....10
 - Personal service income.....10
 - Real property income choice.....12
 - Tax on.....10
- Estimated Tax.....30
- Exclusion from gross income:
 - Annuities.....7
- Exclusions from gross income.....6
- Exclusions from gross income:
 - Compensation from a foreign employer.....6
 - Treaty income.....7, 31
- Exemptions:
 - Dual-status taxpayer.....16
 - Nonresident alien.....13
 - Resident alien.....13
- Filing returns:
 - Claims for refund.....26
 - Commonwealth of the Northern Mariana Islands.....26
 - Dual-status taxpayer.....20
 - Estimated tax.....30
 - Form 1040C.....35
 - Form 1040NR.....12, 26
 - Form 1040NR, when and where to file.....26
 - Form 1040-ES(NR).....30
 - Form 2063.....34
 - Guam.....26
 - Illustration of Form 1040NR and Form 2106.....15
 - Nonresident alien.....12
 - Virgin Islands.....26
- Foreign governments, employees of.....32
- Green card test.....1
- Head of household:
 - Nonresident alien.....12
 - Resident alien.....12
- Identification number, taxpayer:
 - Nonresident alien.....12
 - Resident alien.....12
- Illustration of dual-status return.....21
- Illustration of Form 1040NR and Form 2106.....15
- Income from U.S. sources:
 - Dividends.....5
 - Interest.....5
 - Pensions and annuities.....5
 - Personal property.....6
 - Personal services.....5
 - Real property.....6
 - Rents or royalties.....6
- International organizations, employees of.....32
- Itemized deductions.....14
- Joint return:
 - Dual-status tax year.....4
 - Nonresident alien.....12
- Miscellaneous deductions.....14
- Moving expenses.....14
- Nonresident alien:
 - Annuity income.....7
 - Bona fide residents of American Samoa or Puerto Rico.....15
 - Business expenses.....13
 - Casualty and theft losses.....14
 - Charitable contributions.....14
 - Child care credit.....15
 - Credit for excess social security tax withheld.....15
 - Credit for income tax withheld.....15
 - Credit for prior year minimum tax.....15
 - Defined.....1
 - Earned income credit.....15
 - Effectively connected income, tax on.....10
 - Filing Form 1040NR.....12
 - Foreign journalist.....5
 - Foreign tax credit.....15
 - Head of household.....12
 - How income is taxed.....9
 - Individual retirement arrangements.....13
 - Interest income.....5
 - Joint return.....12
 - Losses.....13
 - Marrried filing separately.....12
 - Miscellaneous deductions.....14
 - Moving expenses.....14
 - Personal exemptions.....13
 - Qualifying widow(er).....12
 - Regulated investment company credit.....15
 - Standard deduction.....14
 - State and local income taxes.....14
 - Tax withheld at source.....15
 - Travel expenses.....13
 - Withholding from partnership income.....15
 - Withholding tax.....26
- Original issue discount.....11
- Pensions.....10
- Personal service income.....10
- Portfolio interest.....11
- Real property income choice.....12
- Refunds, claims for.....26
- Resident alien:
 - Defined.....1
 - Head of household.....12
 - Joint return.....12
 - Qualifying widow(er).....12
- Residents of American Samoa or Puerto Rico.....15
- Sailing permits, departing aliens:
 - Aliens not requiring.....34
 - Bond furnished, insuring tax payment.....35
 - Form 1040C.....35
 - Form 2063.....34
 - Forms to file.....34
 - When to get.....34
 - Where to get.....34
- Sales or exchanges, capital assets.....11
- Scholarships and fellowship grants:
 - Date of grant.....7
 - Grants made after August 16, 1986.....7
 - Grants made before August 17, 1986.....7
 - Recordkeeping rules.....8
 - Source of grant.....7
- Social security benefits.....11, 20
- Social security tax.....29
- Social security tax:
 - Foreign students and exchange visitors.....29
 - International agreements.....30
 - Self-employment tax.....30
- Standard deduction.....14
- State and local income taxes.....14
- Substantial presence test.....3
- Taxpayer identification number.....12
- Tax payments and credits:
 - Nonresident aliens.....15
 - Resident aliens.....14
- Tax treaties:
 - Capital gains.....32
 - Employees of foreign governments.....31
 - Obtaining copies of.....32
 - Reporting benefits claimed.....32
 - Teachers and professors.....31
 - Trainees, students, and apprentices.....32
 - Visitors on short stay.....31
- Tax treaty benefits.....30
- Trade or business, U.S.:
 - Beneficiary of estate or trust.....9
 - Business operators.....9
 - Income from U.S. sources.....10
 - Partnerships.....9
 - Personal services.....9
 - Students and trainees.....9
 - Trading in stocks, securities, and commodities.....9
- Travel expenses.....13
- What, When, and Where to File.....21
- Withholding of tax:
 - Notification of alien status.....26
- Withholding tax:
 - Allowance for personal exemption.....28
 - Central withholding agreements.....27
 - Pensions.....27
 - Puerto Rico, residents of.....26
 - Real property sales.....29
 - Reduced withholding on scholarships and grants.....28

159

Residents of Canada, Mexico, Japan, or Korea,
or U.S. nationals.....26

Social security tax.....29

Tax treaty benefits.....29

Tip income.....27

Virgin Islands, residents of.....28

Wages.....27

Withholding agreements.....27

Withholding from compensation.....26



Publication 508

Educational Expenses

For use in preparing
1989 Returns

Important Change for 1989

Educational assistance program. The exclusion from income for the first \$5,250 of educational assistance provided by your employer under a qualified plan is no longer available. All amounts you receive as educational assistance generally must be included in income. However, see *Employee Reimbursement*, later.

Pending legislation. As this publication was being prepared for print, Congress was considering legislation that would extend the exclusion for amounts received as educational assistance from your employer under a qualified plan. For information on any late legislative changes, get Publication 553, *Highlights of 1989 Tax Changes*.

Important Reminder

Educational travel. The cost of travel that in itself constitutes a form of education is not deductible. See *Expenses of Travel as Education Are Not Deductible*, later.

Example. You quit your biology research job to take a one-year, full-time graduate course in biology. If you return to work in biology research after completing the course, and if your expenses otherwise qualify, you may deduct them, even if you take a job with another employer.

Education Required by Employer

Once you have met the minimum educational requirements for your job, your employer may require additional education to keep your present salary, status, or job. You may deduct the expenses for the additional education if it serves a business purpose of your employer and is not part of a program that will qualify you for a new trade or business.

You may deduct the expenses of more education than your employer requires only if the education maintains or improves skills needed in your job. See *Education to Maintain or Improve Skills*, later.

Example. You are a qualified teacher and are required by your employer to take an additional college course yearly to keep your teaching job. You take a course and pay for it yourself. You may deduct your expenses even if, as a result of the education, you eventually receive a master's degree and an increase in salary. You cannot deduct expenses for more education than your employer requires unless you can show that they are expenses for education to improve or maintain skills needed in your job.

Introduction

This publication explains what work-related educational expenses qualify for deduction, how to report your expenses and any reimbursement you receive, and which forms and schedules to use to report your expenses and any reimbursement.

Free Publications and Forms

If you need information on a subject not covered in this publication, you can check our other free publications. To order publications and forms, call our toll-free telephone number 1-800-424-FORM (3676) or write the IRS Forms Distribution Center for your area as shown in the income tax package.

Education to Maintain or Improve Skills

You may deduct expenses for education to maintain or improve skills needed in your job. Ordinarily, this includes refresher courses or courses dealing with current developments, as well as academic or vocational courses. However, if the courses taken qualify you for a new trade or business, you cannot deduct the expenses. See *Education to Qualify for a New Trade or Business*, later.

Example. You repair televisions, radios, and stereo sets. To keep up with the latest changes, you take special courses in radio and stereo service. Because these courses maintain and improve skills required in your work, you may deduct your expenses for this education.

Qualifying Education

Even though the education may lead to a degree, you may deduct educational expenses such as tuition, books, supplies, lab fees, and certain travel and transportation costs, if the education:

- 1) Is required by your employer, or by law or regulations, to keep your salary, status, or job (if the requirements serve a business purpose of your employer), or
- 2) Maintains or improves skills required in your present work.

However, you cannot deduct educational expenses, even though the requirements listed above are met, if the education:

- 1) Is needed to meet the minimum educational requirements to qualify you in your trade or business, or
- 2) Is part of a program of study that can qualify you for a new trade or business, even if you have no plans to enter that trade or business.

See *Nonqualifying Education*, later.

Present work. You may deduct only the expenses for education that relates to your present work. You cannot deduct the cost of education that prepares you to return to work or to re-enter any previous business or profession.

Temporary absence from your work. If you have qualifying educational expenses during a vacation, temporary leave, or other temporary absence from your job, you will be able to deduct the expenses if you return to the same kind of work. Ordinarily, if you stop work for a period of a year or less, and then go back to the same kind of work, you are considered to have been temporarily absent from work.

Nonqualifying Education

You cannot deduct the cost of education if it:

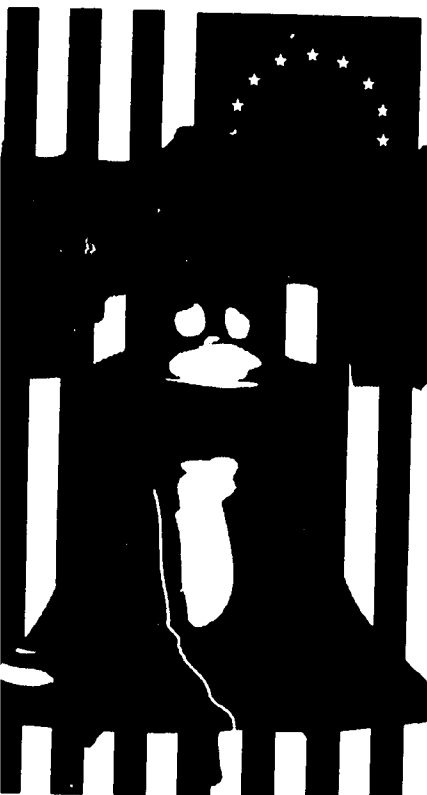
- 1) Is needed to meet the minimum educational requirements for a job, or
- 2) Will qualify you for a new trade or business.

The cost of this education is a personal expense, or a combination of personal and capital expenses, and is not deductible even though it may maintain or improve skills needed in your work or may be required by your employer, or by law or regulations.

Education to Meet Minimum Requirements

Expenses to meet the minimum educational requirements for qualification in your trade or business are not deductible. The minimum education necessary is determined by:

- 1) The requirements of your employer,



156

- 2) Application law and regulations, and
- 3) The standards of your profession or business.

The fact that you are already working does not show that you have met the minimum educational requirements of your trade or business.

Once you have met the minimum requirements that were in effect when you started your trade or business, you will be considered as continuing to meet them even if they are later changed.

Example 1. You are a full-time engineering student. You work part time as an engineer for a firm that will employ you full time as an engineer after you finish college. Although this education improves your skills in your present job, you cannot deduct your expenses because you need the education to meet the minimum requirements of your new full-time job.

Example 2. You are an accountant and you have met the minimum educational requirements of your employer. Your employer later changes the minimum educational requirements and requires you to take college courses to keep your job. You may deduct the cost of these additional courses. They are not minimum requirements because you have already satisfied the initial minimum requirements. However, a new accountant coming into the firm would have to satisfy these new minimum requirements and would not be able to deduct those educational expenses.

Example 3. You have your own accounting business. To improve your skills, you take several courses in tax accounting. You have already met the minimum educational requirements to be an accountant. These courses improve skills required in your business and are not part of a program of study that will qualify you for a new trade or business. You may deduct the cost of these courses.

Teachers and others employed by educational organizations. The minimum educational requirement for a person employed by a school means the minimum college hours or degree usually required of a person hired for that job.

If there is no such requirement, you will have met the minimum educational requirement when you become a faculty member.

Generally, you will be considered a faculty member when:

- 1) You have tenure.
- 2) Your years of service count toward obtaining tenure.
- 3) You have a vote in faculty decisions, or
- 4) Your school makes contributions for you to a retirement plan other than social security or a similar program.

Example 1. Your state law requires beginning school teachers to have a bachelor's degree, including ten professional education courses. In addition, to keep the job, a teacher must complete a fifth year of preparation within 10 years after being employed. However, if qualified teachers cannot be found, persons with only 3 years of college work may be hired on the condition that they get the bachelor's degree and the required professional education courses within 3 years.

Under these facts, the bachelor's degree, whether it includes the ten professional education courses or not, is considered the minimum educational requirement for qualification as a teacher in your state.

If you have all of the required education except the fifth year, you may deduct your expenses for the fifth year unless it qualifies you for a new trade or business. See *Education to Qualify for a New Trade or Business*.

If you have a bachelor's degree and only six professional education courses, you may deduct the cost of four more education courses because, for tax purposes, a bachelor's degree meets the minimum requirement for qualification as a teacher, even if you do not have the required education courses.

If you are hired with only 3 years of college, the courses you take leading to a bachelor's degree, including those in education, are required to meet the minimum educational requirement for qualification as a teacher. You cannot deduct their cost.

Example 2. You have a bachelor's degree and you get temporary work as an instructor at a university. At the same time, you take graduate courses for an advanced degree. The rules of the university state that you may become a faculty member only if you get a graduate degree, and may continue to hold a job as instructor only as long as you show satisfactory progress toward getting this degree. You cannot deduct the cost of the graduate courses because they are education necessary to meet the minimum educational requirement for qualification in your profession.

Education to Qualify for a New Trade or Business

Expenses for education that is part of a program of study that can qualify you for a new trade or business are not deductible. However, a change of duties is not considered a new trade or business if the new duties involve the same general work you presently do.

Example 1. You are a bank trust officer. Your employer requires you to get a law degree at your own expense. You register at a law school for the regular curriculum that leads to a law degree. Because this degree will qualify you for a business in which you were not previously qualified, you cannot deduct your expenses.

Example 2. You are a general practitioner of medicine. You take a 2-week course reviewing new developments in several specialized fields of medicine. You may deduct the expenses for the course because the course maintains or improves skills required in your profession. It does not qualify you for a new profession.

Example 3. While engaged in the private practice of psychiatry, you study and train at an accredited psychoanalytic institute. The study and training will lead to qualifying you to practice psychoanalysis. You may deduct your expenses for such study and training because the study and training maintains or improves skills required in your present profession and does not qualify you for a new profession.

Bar or CPA review course. You cannot deduct expenses you have for a bar review or a CPA review course to prepare for the examination leading to admission to the bar or leading to certification as a certified public accountant. They are personal expenses.

Teachers. All teaching and related duties are considered the same general kind of work. A teacher whose duties change in any of the following ways has not changed to a new business:

- 1) Elementary school teacher to secondary school teacher.
- 2) Teacher of one subject, such as biology, to teacher of another subject, such as art.
- 3) Classroom teacher to guidance counselor.
- 4) Classroom teacher to school administrator.

Example 1. You are a college professor holding a master's degree. You take additional courses toward a doctorate required to qualify you for appointment as president of a junior college. You may deduct your educational expenses for the additional courses leading toward the doctorate because you have not entered a new business.

Example 2. You hold a permanent teaching certificate in State A and have been employed as a teacher in that state for several years. You move to State B and are promptly hired as a school teacher. You are required, however, to complete

certain prescribed courses to get a permanent teaching certificate in State B. You may deduct the costs of the additional educational courses because the teaching position in State B involves the same general kind of work for which you qualified in State A. It is not a new trade or business.

Expenses of Education

If your education meets the requirements described earlier under *Qualifying Education*, you may be able to deduct the educational expenses you incur. These deductible expenses include amounts spent for tuition, books, supplies, laboratory fees, and similar items, and certain travel and transportation costs. Educational expenses also include the cost of correspondence courses, tutoring as well as formal training, and research and typing to prepare a paper as part of an educational program.

Educational expenses do not include expenses of a personal or capital nature. For example, you cannot deduct the dollar value of vacation time or annual leave you take to attend classes. This amount is a personal expense.

Veterans. Educational assistance payments you receive from the Department of Veterans Affairs (VA) under a program that pays for educational expenses, such as tuition, books, and similar expenses, are tax exempt. To figure your deduction for expenses of education, you must reduce your educational expenses by the tax-exempt educational assistance payments you receive from the VA before completing Form 2106. The balance of the expenses exceeding your tax-exempt payments may be deductible as a miscellaneous expense subject to the 2% limit on Schedule A (Form 1040). See *How to Report Educational Expenses and Reimbursements*, later.

If you receive VA educational assistance payments under a program that pays for both living expenses and educational expenses, you must reduce your educational expenses by the part of the VA payments that are for educational expenses. Generally, 50% of the VA payments are for subsistence. However, the subsistence payments of a married veteran are increased.

If all your educational expenses qualify for the deduction, find the amount to deduct by subtracting from your educational expenses the VA payments for the education.

If only part of your educational expenses qualify, you will have to reduce your qualified expenses by part of the VA payment. To determine the part of your expenses attributed to the tax-exempt payment, multiply your qualified educational expenses by a fraction. The numerator (top number) is the amount you received to pay for your education and the denominator (bottom number) is the total of your educational expenses. Subtract the result from your qualified educational expenses to find the amount to deduct.

Example. You have educational expenses of \$1,000 for tuition, books, and similar expenses. The Department of Veterans Affairs pays you an educational assistance allowance of \$780. Under this program, half of the payment is for living expenses and half for educational expenses. You may include as educational expenses \$610 (\$1,000 total expense minus \$390 (1/2 of \$780) paid by the VA).

If you had total educational expenses of \$1,500, of which \$1,000 qualified for the deduction, you may include as educational expenses \$740. You figure this \$740 amount by subtracting \$260 (\$1,000 × \$390/\$1,500 = \$260) from \$1,000.

Scholarships. Your deduction for educational expenses cannot include any expenses for which you received a nontaxable scholarship.

151

Note. Beginning in 1990, interest on certain U.S. savings bonds used to pay qualified higher education expenses may be excluded from income. If the educational expenses qualify for deduction as explained in this publication, you must reduce the deductible expenses by the amount excluded from income. For more information on this exclusion, see Publication 550, *Investment Income and Expenses*.

Transportation Expenses

If your educational expenses are deductible, you may deduct local transportation expenses of going from work to school. Transportation expenses include the cost of transportation by bus, subway, taxi, etc., or by the use of your own car. Parking and tolls are also included. Transportation expenses do not include the cost of travel, meals, or lodging incurred while away from home overnight.

The amount you may deduct depends on where the school is located in relation to your place of work. If the school is located within the general locality where you work, you may deduct the expense of going from work to school. If you go home before going to school, your deduction is limited to the amount it would have cost to go directly from work to school. You cannot deduct the cost of going home after school. See *Two places of business or work* in Publication 463, *Travel, Entertainment, and Gift Expenses*.

If the school is located beyond the general locality (metropolitan area) where you work and you return home each night, you may deduct the round-trip transportation costs to attend school. See *Temporary Assignment or Work* in Publication 463.

Example 1. You live and work in Camden, New Jersey, and go to New York City, which is beyond the general locality (metropolitan area) where you work, twice a week to attend classes. If your educational expenses are deductible, you may deduct your round-trip transportation expenses, including tolls and parking fees.

Example 2. You attend night classes at a college located in the same city as your office. Your educational expenses are deductible. You go directly to class after work. You may deduct only the cost of going from your office to class.

If you use your car, you may deduct your actual expenses or you may be able to use the standard mileage rate to figure the amount you may deduct. See Publication 917, *Business Use of a Car*.

You cannot deduct the cost of local transportation between your home and school on a nonworking day. This expense is a personal commuting expense. However, if you attend school beyond the general area where you work, you may deduct the round-trip transportation costs on a nonworking day.

Travel Expenses

You may deduct expenses for travel, meals, and lodging if you travel away from home to obtain education for which expenses are deductible and the main purpose of the trip is to attend the course, seminar, or class. However, you cannot deduct expenses for personal activities, such as sightseeing, visiting, or entertaining.

If your travel away from home is mainly personal, you cannot deduct your expenses for travel, meals, and lodging. However, you may deduct your expenses for meals and lodging during the time you spend on deductible educational activities.

Whether a trip is mainly personal or mainly educational depends on the amount of time spent on personal activities compared with the amount of time spent on educational activities.

Example 1. Your business is in Newark, New Jersey. You went to Chicago to take a one-week course, the cost of which is deductible. While there, you took a sightseeing trip, entertained some personal friends, and took a side trip to Pleasantville for a day. You can deduct your transportation expenses to Chicago and back but you cannot deduct your transportation expenses to Pleasantville. Only the meals and lodging connected with your educational activities can be included with your education expenses.

Example 2. You work in Boston and you went to a university in Michigan to take a course, the cost of which is deductible. You took one-fourth of a full course of study and you spent the rest of your time on personal activities. Your trip is mainly personal. You cannot deduct the cost of your transportation, but you may deduct one-fourth of the cost of your meals and lodging while attending the university.

Example 3. You work in Newark and you went to California to take a 2-week seminar, the cost of which is deductible. While there, you spent an additional 8 weeks on personal activities. These facts indicate that your main purpose was to take a vacation. You cannot deduct your transportation expenses to and from California or your meals and lodging for the 8 weeks. You may deduct only your expenses for meals and lodging during the 2 weeks spent attending the seminar.

Meal expenses. If your educational expenses are deductible, you may claim a deduction for the cost of meals that qualify as travel expenses related to your education.

80% limit. The deduction for business-related meals that were not reimbursed by your employer is limited to 80%. This includes meals while traveling away from home to obtain your education. You must use Form 2106 to figure the amount of meal expense that is subject to the 80% limit before carrying the net amount of the deduction to Schedule A (Form 1040) and applying the 2%-of-adjusted-gross-income limit. See *How to Report Educational Expenses and Reimbursements*, later.

Qualified meeting. Beginning in 1989, expenses for food or beverages at a convention, seminar, annual meeting, etc., are subject to the 80% limit. The expenses were previously 100% deductible if certain requirements were met.

If your educational expenses include expenses for travel, see Publication 463 for more information on travel expenses.

Expenses of Travel as Education Are Not Deductible

You cannot deduct the cost of travel that in itself is a form of education even though the travel may be directly related to your duties in your work or business.

Example. You are a French language teacher. While on sabbatical leave granted for travel, you traveled through France to improve your knowledge of the French language. You chose your itinerary and most of your activities to improve your French language skills. You cannot deduct your travel expenses as educational expenses, even though your activities consisted mostly of visiting French schools and families, attending movies or plays, and similar activities.

How to Report Educational Expenses and Reimbursements

Beginning in 1989, employee business expenses, which include qualifying educational expenses, can be claimed as itemized deductions only. You must itemize your deductions on Schedule A (Form 1040) to deduct the expenses and they are subject to the 2%-of-adjusted-gross-income limit.

Employee Deductions

To claim any deduction for employee educational expenses, you must file Form 1040 and itemize your deductions on Schedule A (Form 1040). You may also be required to attach Form 2106.

Form 2106 is used to figure your allowable travel, transportation, meal, and other job-related expenses (which include educational expenses). Part I of Form 2106 is used to figure the amount to enter as a miscellaneous itemized deduction on Schedule A:

- Step 1 of Part I shows your total business expenses. Lines 1 through 3 are for travel and transportation expenses related to your qualifying education, line 4 is for educational expenses such as tuition and books, and line 5 is for meals while traveling away from home to obtain education.
- Step 2 shows amounts your employer gave you for the expenses listed in Step 1.
- Step 3 figures the expenses to deduct on Schedule A (Form 1040). The deduction for business-related meals which were not reimbursed by your employer is limited to 80% of the expense and the allowable part of your expense is figured in Step 3. The allowable meal expense is added to your other unreimbursed expenses and the total is entered on line 20 of Schedule A (Form 1040).

Exception. You do not have to complete Form 2106 if either of the following applies:

- You account to your employer by means of an account book, diary, or similar statement and your business expenses equal your reimbursement. (Do not deduct the expenses or report the reimbursement as income.)
- You are not claiming job expenses for travel, transportation, meals, or entertainment, and you were not reimbursed for any of the expenses you do claim, such as educational expenses for tuition, books, lab fees, etc. (List the expenses directly on line 20 of Schedule A.)

Schedule A (Form 1040). Unreimbursed educational expenses, or expenses more than the amount reimbursed by your employer, are entered on line 20 of Schedule A (Form 1040). Generally, you must **first use Form 2106** to figure the amount to enter on line 20. You must be able to itemize your deductions on Schedule A (Form 1040) to claim these educational expenses. The amount you can deduct is limited to the total of your miscellaneous deductions that are more than 2% of your adjusted gross income. This 2% limit is applied after all other deduction limits (such as the 80% limit on meal expenses, discussed earlier) are considered. The 2% limit, however, does not apply to qualified educational expenses of certain performing artists. See Publication 529, *Miscellaneous Deductions*, for more information about the expenses of performing artists.

Employee Reimbursement

How you report your reimbursement for qualified educational expenses depends on your employer's reimbursement or allowance arrangement. If your qualified educational expenses are reimbursed under an **accountable plan**, the reimbursement should not be included in income on your Form W-2, *Wage and Tax Statement*, so you will not deduct the expenses. See *Employee Deductions*, earlier.

Your educational expenses are treated as **unreimbursed** if your employer uses a **nonaccountable plan**. Your employer will include the reimbursement with your wages and other compensation on Form W-2.

You are **not reimbursed** or given an allowance for your expenses if you are paid a salary or commission with the understanding that you will pay your expenses. All of your salary or commission is included on Form W-2.

Accountable plan. To be an accountable plan, your employer's reimbursement or allowance arrangement must require you to:

- 1) Adequately account to your employer for your expenses, **and**
- 2) Return any excess reimbursement to your employer.

An "excess reimbursement" is any amount which you do not adequately account for as an ordinary and necessary business expense.

Nonaccountable plan. A nonaccountable plan either:

- 1) Does not require you to adequately account to your employer for your expenses, **or**
- 2) Allows you to keep any excess reimbursement.

For more information about reimbursements, accountable and nonaccountable plans, and adequate accounting to your employer, see Publication 463.

Reimbursement for nondeductible expenses. If your employer reimbursed you for educational expenses for courses that are part of a program of study qualifying you for a new trade or business,

report these reimbursements in gross income on line 7, Form 1040; on line 7, Form 1040A; or on line 1, Form 1040EZ. You cannot deduct these expenses, even if the courses maintain or improve the skills required in your job.

If you do not claim reimbursement to which you are entitled, you may not deduct the expenses to which that reimbursement applies. For example, your employer agrees to pay your educational expenses if you file a voucher showing your expenses. You do not file a voucher and you do not get reimbursed. Because you did not file a voucher, you cannot deduct the expenses.

Allocation of reimbursement. The deduction for meal expenses is limited to 80% of the expense. If your employer does not specify the expenses for which you are reimbursed, you must figure what part of the total amount received is for meal expenses and what part is for other expenses.

You can do this by dividing your meal expenses by your total expenses and multiplying the result by your total reimbursement. This gives you the amount you should show as reimbursement for meals. The remaining amount is reimbursement for your other expenses.

Example. You are an employee and you received \$1,500 from your employer to pay for a seminar you attended in another state. The reimbursement was not included on a Form W-2 (or a Form 1099) because you made an adequate accounting to your employer. Your employer did not specify which expenses were reimbursed. Your qualified educational expenses for the seminar totaled \$2,000, broken down as follows:

Lodging	\$ 250
Meal expenses	200
Airfare	120
Tuition and books	1,430
Total expenses	\$2,000
Total reimbursement received	1,500
Excess of expenses over reimbursement	\$ 500
Total for meal expenses	\$ 200
Reimbursement for meal expenses (\$200 ÷ \$2,000) × \$1,500	150
Unreimbursed meal expenses	\$ 50
Total airfare, lodging, tuition, and books	\$1,800
Reimbursement for airfare, lodging, tuition, and books (\$1,500 — \$150)	1,350
Unreimbursed airfare, lodging, tuition, and books	\$ 450

On the Form 2106 you attach to your Form 1040, show \$200 on line 5, Column B; \$370 on line 3, Column A; and \$1,430 on line 4, Column A of Part I. Enter your reimbursement of \$1,350 on line 7, Column A, and the \$150 reimbursement allocated to meals on line 7, Column B. After figuring the 80% limit on your unreimbursed meal expenses, include the total unreimbursed expenses of \$490 on line 20 of Schedule A (Form 1040).

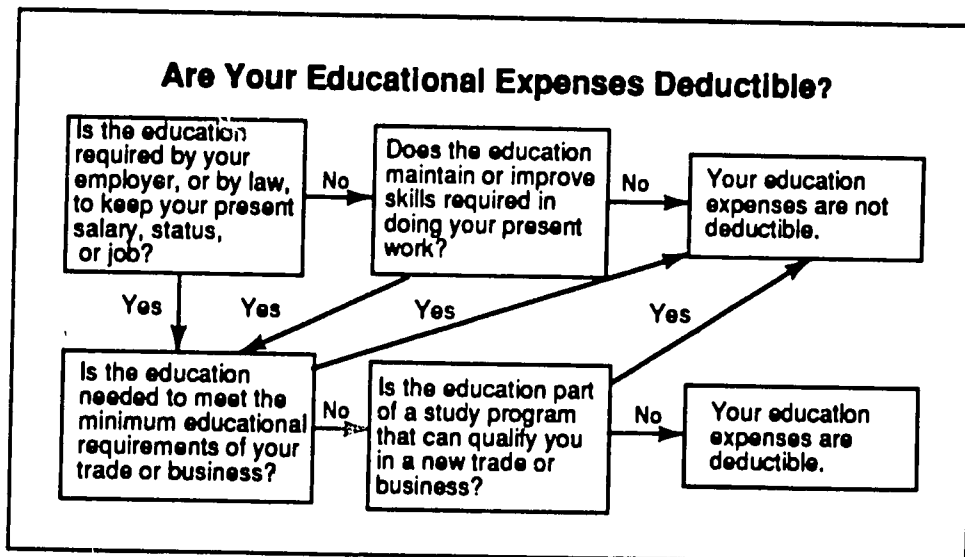
A filled-in Form 2106 is shown at the end of this publication.

Self-Employed

If you are self-employed, deduct your educational expenses for tuition, books, laboratory fees, and similar items on line 28, Schedule C (Form 1040). Include your transportation and travel expenses for education on lines 9 and 25 of Schedule C. See Publication 463 for more information.

Recordkeeping

You must keep proof to support your claim to a deduction as long as your income tax return can be examined. Generally, it will be necessary for you to keep your records for 3 years from the date



of filing the income tax return on which you claimed the deduction. A return filed early is considered filed on the due date.

Employees who give their records and documentation to their employers and are reimbursed for their expenses do not have to keep duplicate copies of this information. However, you should keep your records for the 3-year period noted above if:

- 1) You claim deductions for expenses that are more than your reimbursement.
- 2) Your employer does not use adequate accounting procedures to verify expense accounts.
- 3) You are related to your employer.

- 4) Your expenses are reimbursed under a nonaccountable plan.

You may be required to prove your expenses. For more information on recordkeeping, see Publication 463.

Employee Business Expenses

▶ See separate instructions.
 ▶ Attach to Form 1040.

OMB No. 1545-0139

1989
 Attachment
 Sequence No. 54

Your name	Social security number	Occupation in which expenses were incurred
-----------	------------------------	--

Part I Employee Business Expenses

STEP 1 Enter Your Expenses

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 28 or line 34	1	
2 Parking fees, tolls, and local transportation, including train, bus, etc.	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3 370	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment.	4 1,430	
5 Meals and entertainment expenses. (See the separate instructions.)		5 200
6 Add lines 1 through 5 and enter the total expenses here	6 1,800	6 200

Note: If you were not reimbursed for any expenses in Step 1, skip lines 7-9 and enter the amount from line 6 on line 10.

STEP 2 Enter Amounts Your Employer Gave You For Expenses Listed In STEP 1

(See the separate instructions for lines 7 and 8.)

7 Enter amounts your employer gave you that were not reported to you on Form W-2 (See instructions.)	7 1,350		150
8 Enter the amount your employer gave you for expenses listed in Step 1 that were separately identified on Form W-2 as employee business expenses. (Do not include any amounts that were reported to you as wages in Box 10 of Form W-2.) (See instructions.)	8		
9 Add the amounts on lines 7 and 8. Enter the total here	9 1,350		150

STEP 3 Figure Expenses To Deduct on Schedule A (Form 1040)

10 Subtract line 9 from line 6	10 450		50
Note: If both columns of line 10 are zero, stop here. If Column A is less than zero, report the amount as income. See the separate instructions for how to report.			
11 Enter 20% (.20) of line 10, Column B	11		10
12 Subtract line 11 from line 10	12 450		40
13 Add the amounts on line 12 of both columns and enter the total here. Also enter the total on Schedule A (Form 1040), line 20. (Qualified performing artists and handicapped employees, see the separate instructions for special rules on where to enter the total.)	13		490

For Paperwork Reduction Act Notice, see instructions.

161

How to Get IRS Forms and Publications

You can order tax forms and publications from the IRS Forms Distribution Center for your state at the address below. Or, if you prefer, you can photocopy tax forms from reproducible copies kept at many participating public libraries. In addition, many of these libraries have reference sets of IRS publications which you can read or copy.

Send to
"Forms Distribution
Center"
for your state

If you are located in:



Alaska, Arizona,
California, Colorado,
Hawaii, Idaho,
Montana, Nevada,
New Mexico,
Oregon, Utah,
Washington, Wyoming

Rancho Cordova,
Ca. 95743-0001

Alabama, Arkansas,
Illinois, Indiana, Iowa,
Kansas, Kentucky,
Louisiana, Michigan,
Minnesota,
Mississippi, Missouri,
Nebraska, North
Dakota, Ohio,
Oklahoma, South
Dakota, Tennessee,
Texas, Wisconsin

P.O. Box 9903,
Bloomington, IL
61799

Connecticut, Delaware,
District of Columbia,
Florida, Georgia,
Maine, Maryland,
Massachusetts, New
Hampshire, New
Jersey, New York,
North Carolina,
Pennsylvania, Rhode
Island, South Carolina,
Vermont, Virginia, West
Virginia

P.O. Box 25866,
Richmond, VA 23289

Foreign Addresses—Taxpayers
with mailing addresses in foreign
countries should send their re-
quests for forms and publications
to: Forms Distribution Center,
P.O. Box 25866, Richmond, VA
23289; Forms Distribution
Center, Rancho Cordova, Ca.
95743-0001, whichever is closer.

Puerto Rico—Forms Distribution
Center, P.O. Box 25866, Rich-
mond, VA 23289

Virgin Islands—V.I. Bureau of
Internal Revenue, Lockharts
Garden, No. 1A, Charlotte
Amalie, St. Thomas, VI 00802

Detach at This Line

Order blank—We will send you 2 copies of each form and 1 copy of each set of instructions or publication you circle. Please cut the order blank on the dotted line above and be sure to print or type your name and address accurately on the bottom portion. This will be the label used to return material to you. Enclose this order blank in your own envelope and address your envelope to the IRS address shown above for your state. To help reduce waste, please order only the forms, instructions, and publications you think you will need to prepare your return. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper listing the additional forms and publications you may need. Be sure to allow 2 weeks to receive your order.

1040	Schedules A&B (1040)	Schedule SE (1040)	3903 & Instructions	8815	Pub. 504	Pub. 527	Pub. 929
Instructions for 1040 & Schedules	Schedule C (1040)	1040-ES (1990)	4582 & Instructions	8808 & Instructions	Pub. 505	Pub. 529	
1040A	Schedule D (1040)	2106 & Instructions	4868	Pub. 1	Pub. 508	Pub. 545	
1040A Sch. 2	Schedule D-1 (1040)	2119 & Instructions	8283 Instructions	Pub. 2	Pub. 521	Pub. 553	
1040EZ	Schedule E (1040)	2210 & Instructions	8332	Pub. 463	Pub. 523	Pub. 554	
1040A & 1040EZ Instructions	Schedule F (1040)	2441 & Instructions	8582 & Instructions	Pub. 501	Pub. 524	Pub. 910	
1040X & Instructions	Schedule R (1040) & Instructions	3468 & Instructions	8606	Pub. 502	Pub. 525	Pub. 917	

Internal Revenue Service

Name
Number and street
City or town, State, and ZIP code

167

Power of Attorney and Declaration of Representative

OMB No. 1545-0150
 Expires: 12-31-90

▶ See separate instructions.

Part I Power of Attorney			For IRS Use Only		
(Please type or print)	Taxpayer(s) name(s)	Taxpayer identification number	File So.		
	Address (number and street)	Plan number (if applicable) N/A	Level		
			Receipt		
	City, state, and ZIP code	Telephone number	Powers		
		Blind T.			
		Action			
		Ret. Ind.			

hereby appoint(s) the following individual(s)*

Name	CAF Number	Address	New Address	Telephone Number
		A.I.D./SA-16		(703) 875-4147
		Room 201		
		Washington, D.C. 20523-1601		

as attorney(s)-in-fact to represent the taxpayer(s) before any office of the Internal Revenue Service for the following tax matter(s) (specify the type(s) of tax and year(s) or period(s) (date of death if estate tax)):

Type of tax (Individual, corporate, etc.)	Federal tax form number (1040, 1120, etc.)	Year(s) or period(s) (Date of death if estate tax)
	1040NR &	1989, 1990, 1991, 1992, 1993
	Attachments	1994, & 1995

The attorney(s)-in-fact (or either of them) are authorized, subject to revocation, to receive confidential information and to perform any and all acts that the principal(s) can perform with respect to the above specified tax matters (excluding the power to receive refund checks and the power to sign the return, unless specifically granted below). See Regulations section 1.6012-1(a)(5) for information on returns made by agents. (List excludable powers below. Indicate if you are granting the power to sign the return.)

The above named individual is also authorized to sign my tax return as I am no longer in the U.S. and have been gone more than 60 days prior to the due date for this return.

- Send originals of all notices and all other written communications in proceedings involving the above tax matters to the appointee first named above, and a duplicate copy of all notices and all other written communications to the taxpayer named above, or
- Send copies of all notices and all other written communications addressed to the taxpayer(s) in proceedings involving the above tax matters to:
 - 1 the appointee first named above, or
 - 2 (names of not more than two of the appointees named above)

Initial here ▶ if you are granting the power to receive, but not to endorse or cash, refund checks for the above tax matters to:

- 3 the appointee first named above, or
- 4 (name of one of the above designated appointees) ▶

This power of attorney revokes all earlier powers of attorney and tax information authorizations on file with the Internal Revenue Service for the same tax matters and years or periods covered by this power of attorney, except the following:

.....
 (Specify to whom granted, date, and address including ZIP code, or refer to attached copies of earlier powers and authorizations.)

Signature of or for taxpayer(s)

(If signed by a corporate officer, partner, or fiduciary on behalf of the taxpayer, I certify that I have the authority to execute this power of attorney on behalf of the taxpayer.)

.....
 (Signature) (Title, if applicable) (Date)
 (Also type or print your name below if signing for a taxpayer who is not an individual.)

.....
 (Signature) (Title, if applicable) (Date)

* You may authorize an organization, firm, or partnership to receive confidential information, but your representative must be an individual who must complete Part II.

167

1990 Form W-4



Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 6 of the certificate below to see if you can claim exempt status. If exempt, complete line 6; but do not complete lines 4 and 5. No Federal income tax will be withheld from your pay. This exemption expires February 15, 1991.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure the number of withholding allowances you are

entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form

W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, obtain Form W-5 from your employer.

Check Your Withholding. After your W-4 takes effect, you can use Publication 919, Is My Withholding Correct for 1990?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-424-3676 (in Hawaii and Alaska, check your local telephone directory) to order this publication. Check your local telephone directory for the IRS assistance number if you need further help.

Personal Allowances Worksheet

- A** Enter "1" for yourself if no one else can claim you as a dependent **A** _____
- B** Enter "1" if: { 1. You are single and have only one job; or
2. You are married, have only one job, and your spouse does not work; or
3. Your wages from a second job or your spouse's wages (or the total of both) are \$2,500 or less. } **B** _____
- C** Enter "1" for your spouse. But, you may choose to enter "0" if you are married and have either a working spouse or more than one job (this may help you avoid having too little tax withheld) **C** _____
- D** Enter number of dependents (other than your spouse or yourself) whom you will claim on your tax return **D** _____
- E** Enter "1" if you will file as a head of household on your tax return (see conditions under "Head of Household," above) **E** _____
- F** Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit **F** _____
- G** Add lines A through F and enter total here **G** _____

For accuracy, do all worksheets that apply.

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, turn to the Deductions and Adjustments Worksheet on page 2.
- If you are single and have more than one job and your combined earnings from all jobs exceed \$25,000 OR if you are married and have a working spouse or more than one job, and the combined earnings from all jobs exceed \$44,000, then turn to the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid having too little tax withheld.
- If neither of the above situations applies to you, stop here and enter the number from line G on line 4 of Form W-4 below.

----- Cut here and give the certificate to your employer. Keep the top portion for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate ▶ For Privacy Act and Paperwork Reduction Act Notice, see reverse.		OMB No 1545-0010 1990
1 Type or print your first name and middle initial		Last name		2 Your social security number
Home address (number and street or rural route)		3 Marital status { <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the Single box.		
City or town, state, and ZIP code				
4 Total number of allowances you are claiming (from line G above or from the Worksheets on back if they apply)				4
5 Additional amount, if any, you want deducted from each pay				5 \$
6 I claim exemption from withholding and I certify that I meet ALL of the following conditions for exemption: • Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability; AND • This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability; AND • This year if my income exceeds \$500 and includes nonwage income, another person cannot claim me as a dependent.				
If you meet all of the above conditions, enter the year effective and "EXEMPT" here				6 19
7 Are you a full-time student? (Note: Full-time students are not automatically exempt.)				7 <input type="checkbox"/> Yes <input type="checkbox"/> No
Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status				
Employee's signature ▶ <i>x</i>		Date ▶ 19		
8 Employer's name and address (Employer: Complete 8 and 10 only if sending to IRS)		9 Office code (optional)	10 Employer identification number	

165

Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1990 tax return.

- 1 Enter an estimate of your 1990 itemized deductions. These include: qualifying home mortgage interest, 10% of personal interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions (most miscellaneous deductions are now deductible only in excess of 2% of your income) 1 \$ _____
- 2 Enter: $\left\{ \begin{array}{l} \$5,450 \text{ if married filing jointly or qualifying widow(er)} \\ \$4,750 \text{ if head of household} \\ \$3,250 \text{ if single} \\ \$2,725 \text{ if married filing separately} \end{array} \right\}$ 2 \$ _____
- 3 Subtract line 2 from line 1. If line 2 is greater than line 1, enter zero. 3 \$ _____
- 4 Enter an estimate of your 1990 adjustments to income. These include alimony paid and deductible IRA contributions. 4 \$ _____
- 5 Add lines 3 and 4 and enter the total. 5 \$ _____
- 6 Enter an estimate of your 1990 nonwage income (such as dividends or interest income). 6 \$ _____
- 7 Subtract line 6 from line 5. Enter the result, but not less than zero. 7 \$ _____
- 8 Divide the amount on line 7 by \$2,000 and enter the result here. Drop any fraction. 8 _____
- 9 Enter the number from Personal Allowances Worksheet, line G, on page 1. 9 _____
- 10 Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter the total on line 1, below. Otherwise, stop here and enter this total on Form W-4, line 4 on page 1. 10 _____

Two-Earner/Two-Job Worksheet

Note: Use this worksheet only if the instructions at line G on page 1 direct you here.

- 1 Enter the number from line G on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet). 1 _____
- 2 Find the number in Table 1 below that applies to the **LOWEST** paying job and enter it here. 2 _____
- 3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "0") and on Form W-4, line 4, on page 1. **DO NOT** use the rest of this worksheet. 3 _____

Note: If line 1 is **LESS THAN** line 2, enter "0" on Form W-4, line 4, on page 1. Complete lines 4-9 to calculate the additional dollar withholding necessary to avoid a year-end tax bill.

- 4 Enter the number from line 2 of this worksheet. 4 _____
- 5 Enter the number from line 1 of this worksheet. 5 _____
- 6 Subtract line 5 from line 4. 6 _____
- 7 Find the amount in Table 2 below that applies to the **HIGHEST** paying job and enter it here. 7 \$ _____
- 8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed. 8 \$ _____
- 9 Divide line 8 by the number of pay periods each year. (For example, divide by 26 if you are paid every other week.) Enter the result here and on Form W-4, line 5, page 1. This is the additional amount to be withheld from each paycheck. 9 \$ _____

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above
0 - \$4,000	0	0 - \$4,000	0
4,001 - 8,000	1	4,001 - 8,000	1
8,001 - 19,000	2	8,001 - 14,000	2
19,001 - 23,000	3	14,001 - 16,000	3
23,001 - 25,000	4	16,001 - 21,000	4
25,001 - 27,000	5	21,001 and over	5
27,001 - 29,000	6		
29,001 - 35,000	7		
35,001 - 41,000	8		
41,001 - 46,000	9		
46,001 and over	10		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
0 - \$44,000	\$310	0 - \$25,000	\$310
44,001 - 90,000	570	25,001 - 52,000	570
90,001 and over	680	52,001 and over	680

Privacy Act and Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We may give the information to the Department of Justice for civil or criminal litigation and to cities, states, and the District of Columbia for use in administering their laws. You are required to give this information to your employer.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 46 min., **Learning about the law or the form** 10 min., **Preparing the form** 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224. Attn: IRS Reports Clearance Officer, T:FP, or the **Office of Management and Budget**, Paperwork Reduction Project (1545-0010), Washington, DC 20503.

166

**V. Leadership Center of the Americas
Program Brouchure**



Leadership Center of the Americas

**A scholarship program for
tomorrow's leaders of Latin
America and the Caribbean
1989-1990**

The Leadership Center of the Americas (LCA) proudly announces its second annual scholarship program for future leaders of the Americas. The Center selects up to 200 students to attend seminars and study groups devoted to democracy and leadership in Latin America and the Caribbean. The 1989-90 mid-winter seminar will begin on December 21, 1989, and continue to January 7, 1990. A student is eligible for a full scholarship if he or she:

1. Shows a strong potential for leadership;
2. Is a fulltime student and at least a sophomore as of the fall semester 1989 at a college or university in the United States;
3. Is from Mexico, Brazil, Chile, Paraguay, Uruguay, the Dominican Republic, Haiti, Belize, Costa Rica, El Salvador, Guatemala, Honduras, Ecuador, Peru, Bolivia, Colombia, Barbados, Jamaica, or any of the Eastern Caribbean States; and
4. Is proficient in the English language.

Was the first year of the program successful?

The 1988-89 mid-winter seminar was an outstanding success. One hundred ninety-eight students from twenty-three countries attended (some additional countries have been included for the second year). Post evaluations (completed anonymously by the students themselves) termed the program a rich and rewarding experience. Almost unanimously, the graduates of the program stated that they would enthusiastically recommend the LCA program to others.

When do you arrive and depart?

December 21, 1989, (arrival date) to January 7, 1990, (departure date). All students will arrive on December 21 and depart on January 7. Students whose exams or other commitments interfere with arrival or departure dates must make arrangements with their colleges or universities

so that they can arrive and depart on the prescribed dates.

Why should you attend?

The program provides an exquisite balance between education and entertainment. The mid-winter seminar represents an opportunity to share cultural values, make friends with your own countrymen and those from throughout Latin America and the Caribbean, and, depending on our ability to place you, the prospect of a traineeship with a transnational corporation. In addition to a wide range of recreational activities, participants enjoy sightseeing and shopping tours, a one-day trip to New Orleans, Christmas Eve and New Year's Eve dances, and a talent night. Bring your talents, as well as your musical instruments.

What is the content of the winter seminar?

The seminar concentrates on the fragile nature of democracy in its various forms in Latin America and the Caribbean, focusing on U.S. foreign policy in the region, the burden of Latin American indebtedness, corruption in the public and private sectors, commerce between the United States and the region and within the region, and the importance of economic democracy to political democracy.

The Center focuses as well on the role of free speech and thought in a democracy; the role of free elections in a democratic society; the role of law and the courts in the protection of civil liberties and democratic guarantees; the protection of minorities in a democratic society; the value of private enterprise in the preservation of economic and political freedom; the role of labor in a democratic society; and the role of the military in a society dedicated to civilian rule.

What is the traineeship program?

LCA will make every effort to place each mid-winter seminar graduate with a transnational corporation in his or her home country in the summer of 1990. For those students who are fortunate enough to be selected by a corporation

for a traineeship, LCA will seek clearances from A.I.D. missions and contractors as necessary. The traineeship program seeks to give LCA graduates firsthand experience in private enterprise. The larger goal is to smooth the transition from the world of education to the world of work. To ensure that its graduates make this transition with a minimum of impediments, LCA dedicates itself to serving as a clearinghouse to assist LCA graduates in gaining fulltime employment upon completion of their U.S. studies and return to their home countries.

What is the Alumni Organization?

Participants who successfully complete the mid-winter seminar will receive graduation certificates making them members of the LCA alumni group, the Pan American Network (PAN). Each year PAN will convene for a weekend and LCA graduates will renew friendships and meet other LCA graduates. PAN provides an unparalleled opportunity for hundreds of emerging leaders of the Americas to build an active network and focus on leadership opportunities throughout the region.

Who bears the cost?

The scholarships cover transportation from your college or university and back again, food, lodging (double occupancy), a moderate spending allowance, and many recreational activities. The transnational corporations will pay the costs of the summer traineeship program for those students the corporations select. Participants are advised that they may incur tax liabilities for funds expended in their behalf.

Where will the program be held?

The winter program will utilize facilities on the campus of Louisiana State University in Baton Rouge. The summer internship will, where possible, place students in their home countries.

What about the facilities in Baton Rouge?

The mid-winter seminar's headquarters will be in Ruffin Pleasant Hall, a campus hotel with

spacious rooms that contain private baths, television and work areas. A nearby dormitory will furnish additional living quarters. Students will eat in Pleasant Hall and the nearby Student Union Building. Basketball courts, a soccer field, tennis courts, a bowling alley, and games areas will be available.

What about Christmas?

Christmas last year was fun. A Christmas Eve dance was held and on Christmas day many of the students dined in the homes of Baton Rouge residents. LCA presented Christmas gifts to each participant. We believe last year's participants would say that Christmas at LCA was the next best thing to Christmas at home.

How about the food?

Last year's participants rated the food very high. The three meals daily offer a choice of many tasty dishes. Dietary restrictions will be respected insofar as possible. A snack will be served about 9 o'clock each evening. The trick is to wear home the same clothes you arrived in.

What are the AID stipend requirements?

If you are sponsored by an Agency for International Development scholarship program (CAPS, PTIIC, APSP, CASS, etc.) and are receiving a stipend from it, you must give up that stipend for the time you receive ours. You will not receive any less money, and very likely you will receive a little more.

How do you enroll?

Fill out the application and send it to: Leadership Center of the Americas, 320 Riverside Mall, Suite 106, Baton Rouge, Louisiana 70801 or FAX it to (504) 336-0420. If you want more information telephone (800) 343-3072. At your request, we will send to you or your foreign student advisor an LCA Catalog that elaborates on the program, the curriculum, the staff, and the faculty.

SCHOLARSHIP APPLICATION
for
THE LEADERSHIP CENTER OF THE AMERICAS
1989-1990

(please print or type)

Name _____ Date of Birth _____

Address _____ Phone (____) _____

Country of Citizenship _____ Country of Residency _____

What type of visa do you hold: (F-1, J-1, M-1, H-1, etc.) _____

Do you have a "green card" permitting you to work in the US? _____

Male Female Marital Status _____

College/University where enrolled: _____

Check one: Freshman Sophomore Junior Senior Post-Grad

Anticipated Date of Graduation: _____ Are you a "Junior Year Abroad" Student? _____

Major field of study _____ Overall Grade Point Average _____

What degree are you presently working on? (B.S., A.A., M.A., Ph.D., etc.) _____

How many hours will you have completed toward your present degree at the end of the Fall 1989 semester? _____

What degree/s have you already achieved, in what field, and where are they from? _____

Previous Work Experience: _____

Career Objective: _____

Do you have a job in your country or elsewhere that you will return to after graduation? _____

Do you receive scholarship money from any of the following AID (Agency for International Development) programs:

CAPS (Central American Peace Scholars) _____ APSP (Andean Peace Scholarship Program) _____

PTIC (Presidential Training Initiative for the Island Caribbean) _____

CASS (Cooperative Association of States for Scholars) _____ PAIDC (Program for Advanced Developing Countries) _____

Do you have any other type of AID scholarship? _____

If yes, what is the scholarship? _____

Describe briefly any non-AID scholarship you have at this time _____

Who is your sponsor or sponsoring agency in the U.S.A.?

name	phone number
_____	_____

Describe individual interests (sports, hobbies, talents . . .) _____

I hereby express my willingness and intent to attend the Winter Program, December 21, 1989, to January 7, 1990, at LSU in Baton Rouge, if I am awarded a scholarship that covers all associated expenses.

signature of applicant	date
_____	_____

Nominated by: _____

please print	title
_____	_____

signature of nominator	date
_____	_____

Telephone number: _____

(Use other side for questions or comments)

VI. Mid-Winter Seminar Brochure

**1989 MID-WINTER COMMUNITY
SEMINARS ON:**

1 AGRICULTURE

2 HEALTH

3 SMALL BUSINESS

4 LEADERSHIP

5 ECONOMIC DEVELOPMENT

6 COMMUNITY DEVELOPMENT

7 OTHER IMPORTANT SUBJECTS

1989 MID-WINTER COMMUNITY SEMINAR



**NATIONAL
COUNCIL FOR
INTERNATIONAL
VISITORS**

SEMINAR CATALOG

Welcome to the 1989 Mid-Winter Community Seminar Program (MWCS).

This program is funded by the U.S. Agency for International Development and is administered by the National Council for International Visitors (NCIV), a network of community organizations across the United States that provides services to foreign students and international visitors.

Each MWCS seminar takes place during the winter break, December 20-30, and, for over 30 years, has given students an opportunity to experience the **community** dimension of their academic study. On-site visits to corporations, farms, and industrial plants; meetings with business, government and community leaders; and holiday celebrations in local family homes, allow participants to supplement their academic training and to understand American traditions, values and people.

**The Mid-Winter Community Seminars
are funded under a grant from:**

**Office of International Training
Agency for International Development
Washington, D.C. 20523**

To participate in this popular program you must:

1. Contact your program officer to register **early**.
2. Select a **minimum** of four seminar sites **relevant** to your academic area and include biographical information with your registration form.
3. Select some sites in the North and Mid-West; seminars in warm climates fill up first.
4. Make sure that final exams/research projects do not conflict with the MWCS schedule.
5. Plan on staying at the seminar hotel for the entire seminar period. You may not make plans to visit friends or relatives in the area between December 20-30.
6. **Do not bring family with you**, check with your program officer for sites that allow spouses.
7. Bring appropriate clothing for the climate and sufficient hotel/meal money.
8. Communicate any questions/concerns to your program officer.
9. Plan on an informative, rewarding, exciting winter holiday.

MIDWEST AGRICULTURE AFTER THE DROUGHTS OF 1988-1989

**Council of International Understanding
Des Moines, Iowa (Site 10)**

Iowa is the second largest center of U.S. agricultural production and was hard hit by the 1988 and 1989 drought. This seminar will examine current conditions and the roles of government, business, banking, the media, and professional associations active in today's agriculture. Key topics include: agri-business, grain storage, farmer assistance programs, international trade, and climate changes as the aftermath of drought. Through homestays participants will gain first-hand knowledge of Midwest farming and hospitality.

AGRICULTURE AND AQUACULTURE IN THE HAWAIIAN TROPICS

**Hawaii International Hospitality Center
Honolulu, Hawaii (Site 12)**

This seminar will expose participants to the Agri/Aquaculture industry in this tropical island state. While enjoying an "all-American" Christmas, participants will gain first-hand knowledge of tropical agriculture and aquaculture (including coffee, cattle breeding, commercial flower growing and seafood). Opportunities to enjoy Hawaii's sites of interest, polynesian culture, warm climate and multi-island setting will add to the professional activities scheduled.

AGRICULTURE AND AQUACULTURE DEVELOPMENT IN A SUB-TROPICAL CLIMATE

**Florida Space Coast Council for International Visitors
Melbourne, Florida (Site 20)**

This seminar will provide first-hand information on the latest methods used in agriculture and aquaculture to maximize production in a sub-tropical environment. Key topics include cattle breeding; citrus production and marketing; ornamental plant growth; the seeding, growing, and cleaning of seafood; as well as the use of various plants in water purification. Participants will be guided through "The

Land" and "The Living Seas" at EPCOT, as well as enjoying other cultural and educational displays. They will tour Kennedy Space Center with a special lecture on climate information, celebrate Christmas with Florida families (overnight), and enjoy the beach and swimming throughout the week.

THE MEMPHIS AGRICENTER CONCEPT: NEW DIRECTIONS IN AGRICULTURAL TECHNOLOGY

**Memphis Council for International Visitors
Memphis, Tennessee (Site 21)**

This seminar will observe the latest agricultural technology, specifically hydroponic greenhouses, meteorology, and agricultural planning. Participants will visit both large and small farms where they will discuss farmers' strategies for success. They will tour a rice farm, refining plant, and a water pumping station. Seminar attendees will experience the magnificent culture and hospitality of the South. They will visit the home of Alex Haley, author of *Roots*, have Christmas dinner with a local family, share in providing food to the less fortunate, and discover the strength of the mighty Mississippi River through a visit to Mud Island.

WATER USE AND POLLUTION IN AN ARID ENVIRONMENT

**World Affairs Council of Arizona
Scottsdale, Arizona (Site 31)**

The seminar is designed to develop an understanding of the changing use of water (by agricultural and urban populations) in an arid environment, including flood control, reclamation by the Salt River Project, augmentation by water transfers and the Central Arizona Project. Pollution and remedial action will be addressed. A tour of the Grand Canyon will render an understanding of the geology of northern Arizona and of the impact of the Canyon on the water resources of that portion of the state. An overnight holiday homestay with a host family will give the participant an opportunity to interact with a U.S. family.

LOCAL EFFORTS TO COMBAT NATIONAL PROBLEMS: DRUGS AND THE HOMELESS

**Georgia Council For International Visitors
Atlanta, Georgia (Site 1)**

The purpose of this seminar is to acquaint participants with two major national social problems facing America today, drugs and the homeless, and examine local strategies to solve them. The participants will have a first-hand look at possible solutions through work experience in a soup kitchen. Site visits to a drug treatment center and a shelter for the homeless are planned. A field trip to rural Georgia and an overnight stay with a local family will convey typical southern hospitality during the Christmas holiday season.

INTERNATIONAL DIMENSIONS OF HEALTH PROMOTION, DISEASE PREVENTION AND SOCIAL RESPONSIBILITIES

Baton Rouge Links Committee for International Visitors

Baton Rouge, Louisiana (Site 2)

This seminar provides cultural exchange and interaction between participants and the community with focus on urban and rural issues. Special emphasis will be directed to the international crisis of Acquired Immune Deficiency Syndrome (A.I.D.S.), Leprosy, Infant Mortality, Teen pregnancy, and the relationships between Nutritional Health, Clean Water, Diet, Exercise, and Oral Rehydration. Site visits will be made to hospitals, chemical dependency facilities, the famous National Hansen's Disease (Leprosy) Center and a community center which offers the participants hands-on experiences of the urban poor. Cultural and professional exchanges will be provided in the historical city of New Orleans, Louisiana's melting pot of Creole and Cajun culture.

HEALTH, HUNGER AND SELF HELP: SHOWCASE SYRACUSE

**International Center of Syracuse
Syracuse, New York (Site 34)**

Syracuse is meeting the health care needs of its citizens through a number of city, county, volunteer and religious organizations. Seminar participants will meet with administrators and staff to discuss health planning and management goals that range from the nutrition needs of infants to the "Meals on Wheels" program for the elderly. Participants will also assist in serving some meals. In addition to the formal program, a trip to Niagara Falls, a hockey tournament and holiday parties are planned.



HEALTH

177

THINKING BIG: SMALL BUSINESS IN THE UNITED STATES

**International Visitors Center
Chicago, Illinois (Site 6)**

Participants will study the role of small business with emphasis on entrepreneurship and will examine programs which assist entrepreneurs in the areas of funding, management techniques and technical assistance. The itinerary will include visits to a high-tech industrial incubator complex designed by Northwestern University, mid-level manufacturing facilities and small community-based businesses in a formerly depressed area. Activities will be coordinated with the U.S. Small Business Administrator, State of Illinois Department of Commerce and Community Affairs, City of Chicago Department of Economic Development and representatives from the private sector. Social and cultural activities will include museum visits, performances and an introduction to the ethnic diversity of Chicago.

SMALL BUSINESS DEVELOPMENT AND MANAGEMENT

**International Visitors Center, Inc.
Cincinnati, Ohio (Site 8)**

This seminar will examine key elements needed to develop and manage a successful small business. The program will include academic sessions as well as visits to a variety of small businesses and a business incubator. Participants will observe the practical application of management principles and will formally and informally exchange ideas with managers of small businesses. Participants will discuss the individual roles they might have in fostering small business in their own countries. A variety of social and cultural events are also planned.

SMALL BUSINESS DEVELOPMENT IN A MULTI-ETHNIC SOCIETY

**Council for International Visitors of Greater Miami, Inc.
Miami, Florida (Site 22)**

This seminar will explore small business development in the U.S., focusing on the strategies of four of south Florida's ethnic groups: Hispanics, African Americans, American Indians and Haitians. The seminar will also explore the roles of American government and universities in business development and entrepreneurship. Participants will discuss the impact of immigration and micro-level business strategy on marketing, business planning, and financing. They will observe examples of successful entrepreneurial efforts in the Hispanic, African American, and Haitian communities and meet with financial organizations and venture capital corporations to understand financing alternatives available in the U.S.

PRIVATE ENTERPRISE: THE DEVELOPMENT OF SMALL BUSINESS

**Protocol Foundation of Orange County
Santa Ana (Orange County), CA (Site 30)**

Orange County's thriving and diverse economy is fueled by the development of its small businesses. This seminar will acquaint participants with the vital role entrepreneurs and small businesses play in the economic and social growth of a developing country. Professional highlights include discussions with successful entrepreneurs; visits to a small business incubator and lectures about progressive management techniques for small business. Participants will also visit Disneyland and take part in the beautiful Newport Harbor Boat Parade.

DEVELOPING LEADERSHIP IN A MULTICULTURAL SOCIETY

**Center for Creativity, Innovation and Leadership
Beaumont, Texas (Site 3)**

Participants will develop an individualized view of leadership in the context of a multicultural society. They will examine problems and solutions for building understanding among people of different cultures. Emphasis will be placed on developing personal leadership skills through seminars, simulations and exercises designed to involve participants. Opportunities will be arranged for participants to exchange ideas formally and informally with leaders from political, cultural and business perspectives. Topics will include: self understanding, creative problem-solving and futures study.

INTERNATIONAL PERSPECTIVES OF LEADERSHIP DEVELOPMENT IN GOVERNMENT

**Lincoln University
Lincoln University, Pennsylvania (Site 17)**

Leadership is a vehicle for promoting harmony and cooperation in an interdependent world. With this in mind, this seminar explores leadership roles participants can play in their home countries. Participants will examine the impact of the American Democratic process on leadership development and engage in dialogue with a variety of tri-state political, economic, and science leaders. This seminar also features training in leadership strategies, drawing on Lincoln University's experience in educating foreign heads of state (such as the late Kwame Nkrumah, first premier of Ghana, Nnamdi Azikiwe—Nigeria's first president, and other international leaders). Established in 1854, Lincoln University is the nation's oldest black institution of higher education.

DIVERSIFIED DIMENSIONS OF LEADERSHIP

**International Visitors Center of the Bay Area
San Francisco, California (Site 28)**

The purpose of this seminar is to illustrate a variety of leadership strategies in the San Francisco Bay Area community and to look at the importance of developing leaders who will inspire, motivate and mobilize citizens in their own communities. Visits with local corporate, agricultural, health and social leaders in and around San Francisco will be combined with homestays, theater and bay cruise excursions and a sampling of ethnic foods indigenous to the area.

LEADERSHIP: THE HIGHER UP YOU GO THE FURTHER OUT YOU NEED TO LOOK!

**International Council of Tulsa
Tulsa, Oklahoma (Site 35)**

Participants will have an opportunity to observe leadership styles in the Tulsa community and in other parts of Northeast Oklahoma. The seminar includes a work day with a business leader in the participant's field of study or other area of interest. It also includes workshops on community leadership and long-range planning with the Leadership Tulsa training program and the League of Women Voters. Participants will also interact with ethnic leaders and engage in a home hospitality experience, which characterizes Tulsa's diversity.

SUCCESSFUL DEVELOPMENT: ENLISTING THE KEY STRUCTURAL PLAYERS

Buffalo-Western New York Council for International Visitors, Inc.
Buffalo, New York (Site 5)

Development plans succeed only if the major institutions in a society are considered in the process of planning the execution. Seminar participants in Buffalo will be guided in a day-long introductory workshop on development issues with Dr. I. Jammal, an expert in development planning at the State University of New York, Buffalo. They will also explore technology transfer and trade issues, information systems, banking and development with leading corporate and government officials. An overview of Buffalo's history and development potential will be followed by a opportunity to visit and volunteer at a soup kitchen. Participants will also visit Niagara Falls and have homestays with families over Christmas.

ECONOMIC DEVELOPMENT: A PUBLIC/PRIVATE PARTNERSHIP

Arkansas Council for International Visitors
Little Rock, Arkansas (Site 18)

The major objective of this seminar is to provide the participants with an understanding of economic development as a system, in the private and public sectors, and on the local, state, and national levels. Professional activities will expose the participants to urban and rural businesses where they will meet government officials and representatives of industry. Participants will experience a variety of ethnically and racially diverse social-cultural events (a homestay, concerts, athletic events and art exhibitions).

CHALLENGES OF CHANGE: ECONOMIC AND HUMAN RESOURCE DEVELOPMENT

International Student Service of Southern California
Los Angeles, California (Site 19)

This seminar examines challenges confronting a major urban area (Los Angeles) resulting from rapid socio-economic change. It focuses on rural to urban migration and its impact on manpower planning, training, and other issues of socio-economic development. Participants will have a variety of meetings with professionals coping with migration and rapid change. In addition, participants will tour some Los Angeles highlights (including Disneyland) and share the Christmas holiday with a local host family.

COORDINATING URBAN DEVELOPMENT: LINKING THE MAJOR PLAYERS

International Institute of Wisconsin, Inc.
Milwaukee, Wisconsin (Site 23)

This seminar will address the interdependence of issues in urban development. Milwaukee, the industrial center of Wisconsin, will serve as the focus for exploring academic/theoretical perspectives of development, the training of design and planning professionals, the legislative and political dimensions of urban change from the point of view of the owner/ developer. Participants will meet with faculty of the University of Wisconsin-Milwaukee's School of Architecture and Urban Planning, Design and Planning practitioners, and local and state officials. Site visits to development projects will allow participants to witness and discuss the results and economic impact of urban planning. Trips to a professional sporting event and the Skylight theater are also scheduled.

URBAN AND RURAL DEVELOPMENT IN A HIGH TECH/AGRICULTURAL STATE

**Minnesota International Center
Minneapolis, Minnesota (Site 24)**

Minnesota has a unique blend of urban and rural life-styles and contains industries ranging from agri-business and farming to high technology and medical products. This seminar will explore regional approaches to rural and urban development and challenge participants to compare and contrast the experience to their own countries. The program will include briefings by government officials at the state capital, tours of experimental agricultural projects, a visit to a high tech company and the opportunity to see the world's largest Cash Grain Exchange. Innovative community development projects will be discussed with local leaders, along with topics of contemporary social issues. Participants will experience a traditional Midwest Christmas during a rural family homestay.

THE CONSERVATION OF NATURAL RESOURCES VIS A VIS ECONOMIC DEVELOPMENT

**Office of International Exchange and Technical Cooperation
San Juan, Puerto Rico (Site 29)**

Puerto Rico was transformed from an underdeveloped, agricultural society, into a developed industrial economy in a short span of 20 years (1948-1968). As a tropical Caribbean island, Puerto Rico was originally devoid of environmental problems. But was this rapid development accompanied by an environmental consciousness? MWCS participants will examine this process and gain an insight into regulatory structures and the results of implementing public policy. Participants will make on-site inspections of industrial and urban development projects and natural conservation reserves. They will have the opportunity to compare the Puerto Rican environmental model with another less industrialized site, the island of St. Thomas. They will also evaluate how a natural resources conservation plan can be implemented in other developing countries.

EFFECTIVE MANAGEMENT OF NATURAL AND HUMAN RESOURCES

**World Affairs Council Seattle, Washington
(Site 32)**

By examining the role of natural resources in the Puget Sound region in the areas of international trade and the domestic economy, participants will learn the importance of long term resource management. Panelists will be drawn from grassroots organizations as well as from industry and government. A site visit to a facility involved in family planning in developing countries will expose participants to the complexities of human population control. A trip to Vancouver B.C. will expose participants to another culture and another nation's perspective on natural resources. Volunteering at local food banks will complement the seminar with exposure to Seattle's diverse population. Families will welcome all participants into American homes for the Christmas holiday. Participants must bring a VALID passport, J1, I94 and IAP66 in order to visit Canada.

TECHNOLOGY AND REGIONAL DEVELOPMENT: STRATEGIES AND CHALLENGES

**Spokane International Exchange Council
Spokane, Washington (Site 33)**

Home of the 1974 World's Exposition, this seminar will expose participants to the strategies employed and the challenges met to develop the geographically diverse region of Washington state known as "The Inland Empire." The fields of medicine, finance, manufacturing, power production, and communications will be featured. Highlights include a tour of a high-tech computer-aided design and manufacturing facility, an interactive session with a prominent medical ethicist, and a visit to the Grand Coulee Dam—the greatest single source of hydroelectric power in the United States.

CHALLENGES OF INNER CITY COMMUNITY DEVELOPMENT

**Boston Center for International Visitors
Boston, Massachusetts (Site 4)**

Participants will explore the vital role of community based organizations that serve inner city residents. Discussions will focus on how the ethnic diversity of Boston's neighborhoods impact on its economic, social and political development. Meetings with community activists, minority entrepreneurs, and health care professionals will allow students to compare and contrast similar situations in their own countries. A visit to a mixed income housing facility, a hands-on project at a food redistribution center, and holiday hospitality with BCIV members will be arranged.

DIVERSITY IN DEVELOPMENT: A MEANINGFUL MODEL FOR COMPLEX COMMUNITIES

**The Klein Center for the Prevention of Domestic
Violence
La Habra, California (Site 15)**

Balancing human, economic, and political needs of a changing community, La Habra is a laboratory of effective community management. This seminar will focus on the city's innovative approaches to child-care, domestic violence prevention, a medical-dental-counseling-housing program for the poor and homeless, a treatment facility for brain-injured children, a gang intervention program, extensive programming for Seniors and under-served groups, and substance abuse intervention. Tapping resources, setting priorities, and mobilizing citizens will be studied through internships and community meetings. Visits to local attractions such as Disneyland, Universal Studios and a homestay are included.

COMMUNITY ACTION IN A MULTI-ETHNIC SOCIETY

**International House—New York
New York, New York (Site 26)**

This seminar will examine how three of New York City's largest ethnic groups—the Asian, Hispanic and African American communities—have mobilized themselves in community development efforts. Participants will meet with leading community representatives and activists, as well as with community boards and city officials to understand the unique economic and social challenges facing ethnic groups in an urban environment. Through group discussions, meetings with local representatives and tours of ethnic neighborhoods and organizations, seminar participants will be exposed to the richness of a multi-ethnic society. They will observe how various groups co-exist, cooperate or even compete for limited city resources. Highlights include a Broadway play and visits to the Statue of Liberty, Empire State Building and World Trade Center.

PROGRESSIVE STRATEGIES: COMMUNITY ACTION IN AN URBAN SETTING

**Washington International Center of Meridian
House International
Washington, D.C. (Site 36)**

"Progressive Strategies" is a program in which participants will study the physical and human environment in the capital city of the United States. Using the metropolitan Washington area as a laboratory, they will take on the role of urban investigator and community activist. Participants' unique professional skills and experience will contribute to the learning process as they increase their knowledge of and skills in community action. Through interviews, on-site observation and a variety of cultural events, participants will differentiate community actions that are unique to Washington from those which are appropriate to their home countries.

SOCIETY IN DEVELOPMENT: RACE RELATIONS IN THE NEW SOUTH

**International Visitors Center of Jackson
Jackson, Mississippi (Site 14)**

Drawing extensively upon the history of Mississippi, this seminar will focus on the economic, social and political perspectives of race relations and the many developmental changes that have occurred since the 1965 Civil Rights Act. Participants will visit both rural and urban settings to experience contrasts in life styles and socio-cultural and political expectations. Participants will also tour an industrial facility owned and operated by Choctaw Native Americans, discuss the process of governing with African American elected officials, visit a community established by a famous civil rights activist, and introduce songs from home countries in a multi-cultural musical celebration.

CHICAGO'S FOOD INDUSTRY: A COMPREHENSIVE VIEW

**International House of Chicago
Chicago, Illinois (Site 7)**

Chicago's leading food industries will open their doors for participants to examine the application of science and engineering to the processing, distribution, and marketing of agricultural products. Participants will engage in discussions with brokers and traders at the Chicago Board of Trade; with the Midwest's Agricultural Economist at the Federal Reserve Bank; with the Director of Scientific Research at the Institute of Food Technologists; and with corporate executives at Kraft Food Headquarters for Research and Development. Other activities include tours of a meat packing plant, a food bank for the poor and opportunities for developing cross-cultural friendships with Illinois farm families and urban families in Chicago.

INFORMATION SYSTEMS FOR TECHNOLOGY TRANSFER

**International Visitors Council, Inc.
Columbus, Ohio (Site 9)**

This seminar will take advantage of several unique facilities for information handling in Columbus. These include Battelle Memorial Institute, CompuServe, and IBM. Participants will explore practical uses in government, business, and non-profit organizations. Visits to the Amish community in Ohio, discussions of local and global poverty, and volunteer work in a community kitchen will offer glimpses of the ideal, intellectual, and actual efforts to deal with problems of contemporary American life.

**PROGRESS IN MANAGEMENT OF
HOUSEHOLD, HOSPITAL AND
INDUSTRIAL WASTES**

**International Visitors Council of Detroit
Detroit, Michigan (Site 11)**

Visitors to the Detroit seminar will have the opportunity to learn about the modern techniques of waste disposal (household, hospital and industrial waste). A visit to Beaumont Hospital and discussion of nuclear waste will be a highlight. Detroit participants will gain insight into American culture by meeting many Detroit host families. A visit to Henry Ford's historic Greenfield Village, the Arab Community and Canada are included in the itinerary. Individual professional appointments will be scheduled for each visitor in his/her area of study. For the Canadian visit, participants must bring VALID passport, J1, I94 and IAP66 to re-enter USA.

**DIVERSITY IN A DEMOCRACY:
ROLE OF CHURCH IN THE STATE**

**Indianapolis Council for International Visitors
Indianapolis, Indiana (Site 13)**

A commitment to religious pluralism is part of the fabric of American life. Framers of the U.S. Constitution and Bill of Rights specifically provided for tolerance of a diversity of worship, laying the foundation for America's tradition of voluntary association and action. Panelists and speakers will discuss such topics as the doctrine of the separation of church and state, religion's function as a provider of social services (such as shelters for the homeless), boundaries of religious broadcasting and what it's like to be non-Christian in America. Visits to churches and synagogues are planned, sometimes to observe services (including Friday prayers at a mosque). There will be a holiday overnight with an Indianapolis family in addition to a city tour and museum visits.

**THE UNIVERSITY AS A COMMUNITY
RESOURCE**

**Florida Southern College
Lakeland, Florida (Site 16)**

This seminar will examine the rich, multiple resources of people and facilities of a small university. Particular emphasis will be placed on programs which respond to the special needs of the large elderly community and rapidly growing minority immigrant group. Participants will receive leadership training in communication and learn about the cooperative relationship between university developed programs and community institutions, businesses and municipal offices. Participants will experience a holiday homestay and visit a major tourist attraction (Epcot, Disney or other).

**THE FREE PRESS: GUARDIAN OF
CITIZENS' PERSONAL RIGHTS AND
LIBERTIES**

**The International Center in New York, Inc.
New York, New York (Site 25)**

New York City, media capital of the world, enables visitors to see first-hand the complex structure of the news operation. This seminar goes behind the scenes to explore the drama and crucial decision-making of gathering and disseminating the news, which is essential to the preservation of a free society. In discussions and on-site visits, participants will get a sense of the diversity of the news media, its history, tradition and philosophy. They will also explore the role of the media in educating the public in the areas of disease prevention, economic concerns, educational opportunities, etc. Participants will visit and meet with representatives of radio, television, magazines and major and local newspapers.

**OTHER IMPORTANT
SUBJECTS**

184

**STRATEGIES FOR EFFECTIVE TOURISM
MANAGEMENT**

**International Visitors Council of Central Florida
Orlando, Florida (Site 27)**

Participants will have the opportunity to meet with management in the tourism/hospitality industry to explore their concerns and social responsibilities. Examination of the effects of the industry on the local population will be a key issue. An understanding of how the physical lay-out and environment contribute to a positive experience will be achieved in site visits to area attractions. Management techniques for public relations and administration will also be a vital part of this program.

Important Dates

- Registration Opens
September 5, 1989
- Registration Closes
October 27, 1989
- Deadline for Changes and Cancellations
November 24, 1989
- Final Notification of Assignments
December 1, 1989
- Participants Travel to Seminars
December 20, 1989
- MWCS Seminars Convene
December 20-29, 1989
- Participants Depart Seminars
December 30, 1989

To register, please contact your program officer at:

156

VII. Newsletters

Happy
Holidays

Thick
Bliss

Mada
Mc bill

Nancy



Susan
Epstein

¡Des deseo
paz y amor
para el año
nuevo!
- Monique Turner

CAPS/
Honduras

¡ PROSPERO AÑO, Y
FELICIDAD!

Michael
Torres

PROYECTO CENTRO AMERICA DE BECAS PARA LA PAZ (CAPS) HONDURAS

Agencia para
el Desarrollo
Internacional

Washington, D.C.



VINCULO HONDUREÑO-AMERICANO

Academia para
el Desarrollo
Educativo



DICIEMBRE 1989 No. 16

-- INDICE --

- pg. 2 Literary CAPSule
pg. 3 Congratulations Graduates
pgs. 4-7 CAPS: Construyendo en America
Puentes de Simpatia
pgs. 8-10 Noticias de Todas Partes
pgs. 11-12 New Year's the U.S.A. Way

The Vinculo Hondureño-Americano is
published 4 times a year by AED.

Production: Susan Epstein, Vicki Garcia
Monique Turner, Nancy Wolfman

Navidades Cubanas-Americanas

por Vicki Garcia

Como otras navidades latinas, la navidad cubana-americana empieza con la Noche Buena. Toda la familia se reúne, tocan la música latina y ballan. Hay bastante bebida, y siempre hay millones de nueces.

La cena se come a las ocho de la noche. La comida es típica: moros y cristianos (o arroz blanco y frijoles negros), lechón asado, yuca, ensalada. Para el postre comemos dulces caseros de naranja o coco, con buñuelos (masa moldeada en figuras ocho, con azúcar). También siempre se come turrones diferentes. Los típicos son de almendras- jijona o alicante.

Continued on page 11

Hanukkah, A Festival of Lights

by Nancy Wolfman

In addition to Christmas, during the holiday season, there are also other festivals which are celebrated by people of other faiths. One of these is Hanukkah, which is celebrated by the Jewish people. Hanukkah translated from Hebrew means rededication.

The idea of rededication comes from the time when the Great Temple in Jerusalem was defiled by the Greeks. As it is explained in the old testament of the bible, the Greek empire attempted to substitute Greek culture for Jewish Culture. Later, the Jews revolted against the Greeks and re-took the Temple. Thus, the Jews had to rededicate their Temple.

The eternal light which is supposed to burn continuously in the Temple as a symbol of God's eternal presence, had to be rekindled once the rededication was completed. The special oil which fuels the lamp was in short supply. It would take eight days to prepare more of the

special oil for the eternal light but, only one day's worth could be found.

Hanukkah commemorates the rededication of the Temple and the miracle which allowed one day's worth of oil for the eternal light to last for the eight day period necessary to prepare a new supply.

Traditionally, the Jewish people celebrate Hanukkah, otherwise known as the "Festival of Lights" by lighting a candelabra called a "menorah" each night for eight nights. On the first night, the principle candle called the "shamus" is lit and then that candle is used to light the first candle on the menorah. While the candles are being lit a prayer is said in Hebrew to thank God for "commanding us to kindle the lights of Hanukkah".

Continued on page 10

198

Literary CAPSule

Adios

por Juan Carlos Torres

Cándida joven de sonrisa mustia
que en tu balcón me brindastes sueños
cuando el reloj resonaba lugúbre
con su tan tan en la vieja torre

Fistes encanto en mis vagas noches
olvido dulce de mis cuitas, musa
en el arcano de mi canto ritmo
doró tu gracia mi desierto cielo

Campanario gris del ave nido
gracil gacela de veloz carrera
senda tortuosa en la que hoy camino

Muero de astío de dolor de pena
entre recuerdo mi canción musito
para decirte mi postrer adios

Tu y Yo

por Juan Carlos Torres

Eres la última estación de mi camino
La última flor de mi jardín
El último beso de un carmín
que no podría borrar el cruel destino

Eres el ultimo tren que matutino
parte veloz sin tener fin
la última alondra del confín
que rauda vuela por donde vino

Yo en cambio soy un trovador
un sueño errante, un sinsabor;
que inventa musas y escribe versos

Tu me darás tu corazón
Yo te daré mi inspiración;
y haremos juntos poemas tersos

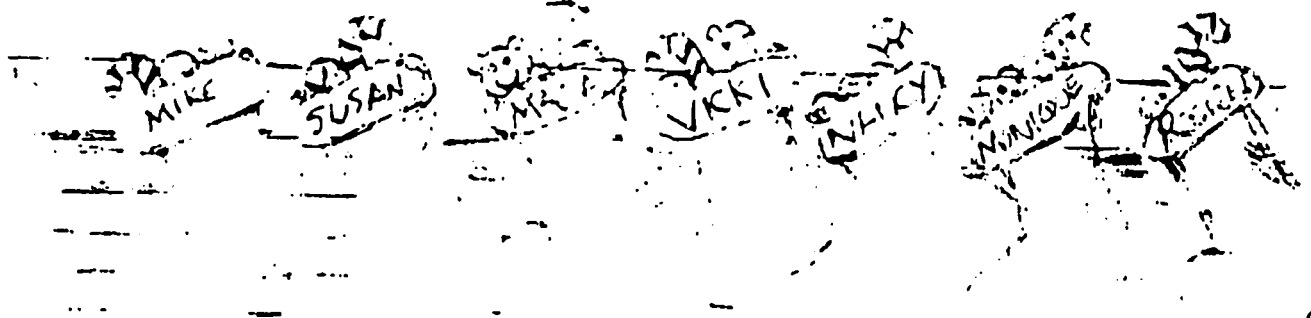
Me Pregunto por Jorge Maradiaga

Como en todos los lugares de este país
donde se localizan estudiantes de CAPS
estos se encuentran tantas controversias e interrogantes
que algunas veces no hay respuestas y aparentemente
salan algunas soluciones apropiadas o inapropiadas pero...
luego hay un momento para reflexionar y preguntar
¿Acaso yo he planteado preguntas a las cuales
intencionalmente no he querido dar respuestas?
¿O, soy yo quien hace un mundo de visiones y de sueños al parecer
imposibles, a los cuales no he querido dar paso a su desarrollo de las
fuerzas que conllevan a su causa y un final

Pero si tu mismo tienes las respuestas, o tal vez con una ayuda o
soporte de experiencias del exterior que significa conseguir las
afuera del college o las universidad ¡la vida diaria misma! Pero te
preguntas ¿Estoy preparado para dar un paso en el vacío de lo
desconocido? O acaso seré uno más que no sabe lo que quiere de
ésta vida. ¡Atrevete! Ya diste tu primer paso "al estar aquí". El
mundo es de lo que arrebatan pero de los que lo hacen con base
decisión de objetivos trazados. Tu tienes que salir triunfante al final
del camino y llegar con buen suceso a la meta deseada.

The Night Before Christmas contribuido por Nancy Wolfman

'Tis the night before Christmas, and all through the casa
Not a creature is stirring Caramba, ¿que pasa?
The stockings are hanging con much cuidado,
In hopes that Saint Nicholas will feel obligado
to leave a few cosas, aquí and allí
For chico y chica (y something for me).
Los niños are snuggled all safe in their camas,
Some in vestidos and some in pijamas,
Their little cabezas are full of good things
They esperan que el old Saint Nicholas will bring.
Santa is down at the corner saloon,
Es muy borracho since mid-afternoon,
Mamá is sitting beside la ventana
Shining her rolling pin para mañana,
When Santa will come in un manner extraño,
Lit up like the Star Spangled Banner cantando.
And mamá will send him to bed con los coches,
Merry Christmas to all, and to all buenas noches.



Scholar reflects on his U.S. Experience

by: Juan Carlos Borjas

Participating in an international training program is a very demanding task in which people have to get adjusted to the new circumstances, requirements and unexpected problems which come along. It is also a time for re-evaluating ourselves and defining a plan of action, in which our strengths and weaknesses are to be combined in order to get the best of the training program.

Studying in a foreign country gives the opportunity to add more variety to our lives, in terms of knowledge, experience, and exposure to other cultures. It also helps us to explore new and alternative ways of thinking and perceiving reality.

My experiences in the United States can be summarized in three different stages. The first one was a period of adaptation and adjustment. This was a particularly hard time for me, because of the culture shock, homesickness, language barriers, food, etc.

The second stage was a period of exploring, travelling and studying the American culture. I really enjoyed this time because my attention was focused on new things and my outside world, rather than on the psychological and cultural barriers of the first stage. It was also a time for making comparisons, and establishing differences. My English was also evolving at this stage and my communication needs were gradually being met.

The third and final stage has been the one that I have enjoyed the most because I am now very well-adjusted and I can function in the United States as any other person. There is no fear of the unknown, no misunderstandings. I am more independent, and fairly fluent in English. I wish I would have known what I know now when I first came to the U.S. It would have been a whole world of difference.

¡¡ATENCIÓN!!

Para los estudiantes graduados "CAPS" en Honduras, les invitamos a que contribuyan al "Vínculo Hondureño-Americano" con artículos, poemas o fotografías de sus actividades ahora en Honduras. El próximo Vínculo se publicará en marzo 1990, así que será necesario darle contribuciones a Doña Bessy de Acosta en enero o febrero 1990. ¡¡Gracias por su colaboración!!

Congratulations Graduates !!

The following CAPS/Honduras scholars will be graduating at the end of their present terms:

Rocio Bardales
Juan Carlos Borjas
Gloria Cañadas
Alba Hernandez
Jose Hernandez
Douglas Martinez
Reyna Mejia
Maria Mendoza
Ramon Nuila
Oscar Ortiz
Jesus Oviedo
Lisandro Palma
Martha Reyes
Sandra Rivas
Maria Rodriguez
Brenda de Ruiz
Mario Talavera
Carmen Urbina

Computer Science
Business Administration
Industrial Engineering
Fisheries
Forestry
General Business
Economics
Agribusiness
Agricultural Journalism
Electrical Engineering
Animal Science
Microcomputers
Computer Tech
Office Administration
Spanish/English
Agribusiness
Tropical Crops
Agribusiness

Felicidades Graduados...Congratulations



CAPS/Honduras graduate Rocio Bardales and her mother at her graduation ceremony at Daytona Beach Community College.

Graduates...Felicidades Graduados...



Kentucky State University had its first International Day last October. While international students from all over hosted the event, the Honduran students, including Adaluz Rodriguez, Suanny Salazar, Marta Benavides, and Jimmy Bodden, provided most of the entertainment. They put on a fashion show as well as performed traditional dances.

All the CAPS/Honduras students were very

proud of being able to represent their country to their schoolmates. They felt that it was a wonderful learning experience for them, and that they had also helped others to learn.

The CAPS/Honduras staff is very proud of these students, and all of our students that make the effort to get involved in their schools and communities.

Adrian Celebrates International Night

September 7, 1989 was International Night at Adrian College. CAPS scholars Samuel Henriquez, Miriam Fernandez, Reyna Perdomo, Diana Reyes, Karla Iglesias participated in the

event. It was attended by students, members of the staff, and of the international office.

Everyone was separated into groups of about five, and each international student talked to a group about general aspects of their country. Then the members of the groups asked questions about the countries or about the students.

Later the group members told everyone what they had learned in their groups about each country. The international students then showed typical objects from their countries, and some of the Honduran ladies wore their typical dress.

Later the Honduran students invited everyone to watch a film about their country that they had in the dorm. All this has started a trend at Adrian College, as other international meetings are now taking place in other halls in the college.



Perdomo Sings for Hispanic Heritage Month

In celebration of Hispanic Heritage Month, presentations and activities took place in Adrian, Michigan on October 15, 1989. CAPS/Honduras scholar Reyna Perdomo was invited to sing at Siena Heights College for the festivities. It was all very exciting, with a lot of different people attending.

Reyna sang three songs, and the audience thought she was very good. After the performance, people came up to her and congratulated her; but some people asked her if she had been singing for real, or if she had been lip-sinking (mouthing the words without any voice!) They weren't sure because her music had been pre-recorded. Even so, Reyna had a great time.



"Copan" Represented at Boston Museum

While taking the English course at the University of Delaware this past summer, I went to Boston, Massachusetts with some friends. I was surprised when I found one of the stelae of the Mayan civilization, which used to be located in Copan Ruins. The stela was brought to the Boston Museum of Science in 1958. It is supposed to be the King Madrugada.

by: Alex Arita, UMES



Honduran Students Dance at Ethnic Festival

On October 22, 1989 there was an ethnic festival at the University of Maryland, Eastern Shore (UMES). Many different countries were present and Honduras couldn't be absent! Doris Pineda and Alex Arita danced to folkloric music, which everyone enjoyed watching. The student between Doris and Alex is their friend, who helped them put up the display on Honduras.



The Student Union Advisory Board
and
International Students Association
of
North Carolina Agricultural
and Technical State University

invite you to the

1989-90 MISS INTERNATIONAL STUDENTS
ASSOCIATION CORONATION

Queen

Miss Ana Urquia-Honduras

Junior

Nutrition/Child Development Major

Tuesday, the third of October
at seven-thirty in the evening,
nineteen hundred and eighty-nine.

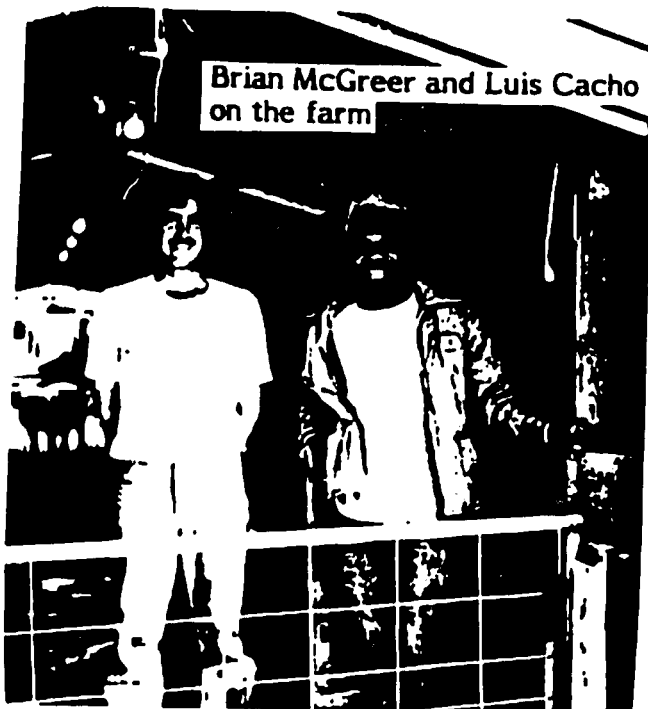
The Memorial Student Union Ballroom

Open To The Public



My First Farm Experience

by Luis Cacho



On October 2nd I began my Farm Experience in Illinois City on a farm that belongs to Brian McGreer. He also teaches Nutrition and swine classes at Muscatine Community College. This farm is located across the river, six miles from Muscatine.

Pedro Ramirez and I left Muscatine at 6:30 for the McGreer farm. We arrived there around 7:00 am. Brian was waiting for me. I was wearing tennis shoes and I did not have a coat. When Brian saw me, he told me to come in the house to change my shoes and choose a coat.

After that he gave me some instructions for beginning work. I began my farm experience cleaning the hog pens. I gave 30 little pigs an injection each, docked their tails and castrated them. I knew the theory behind these tasks, but I had never had the opportunity to practice them.

This was a big experience for me. I really enjoyed working for the McGreer family. They trusted me to use their equipment. In turn, I shared with them my culture.

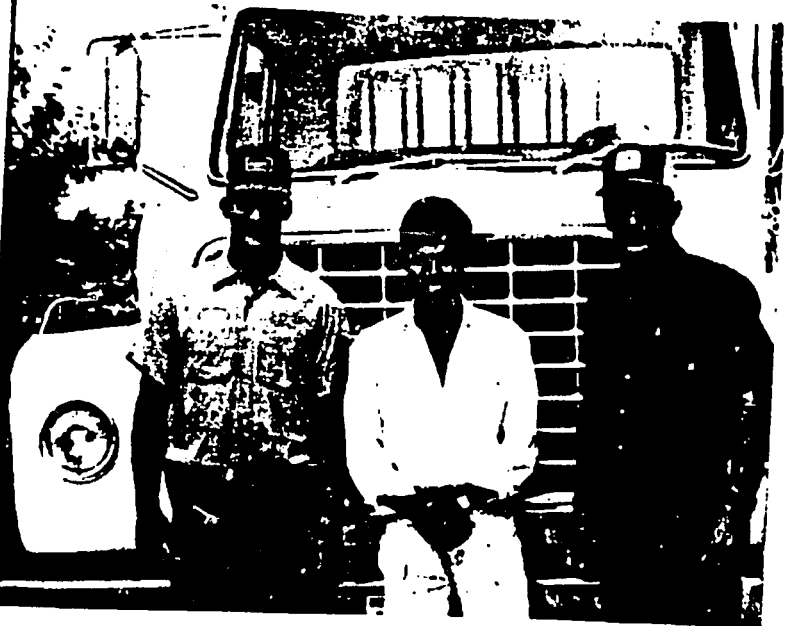
For Your Information

Alba Hernandez, a CAPS/Honduras scholar in Texas, has sent AED a copy of a report she completed for one of her classes. The report is called "Handbook for International Change Agents - Customs and Manners in Honduras." and includes information on Honduras, travel, food, transportation and other interesting topics. If you would like a copy, please write a short request to Vicki and she will send you one. The Handbook might be a good resource for your community presentations or friends who want to learn more about Honduras.



Editor's Note

Nancy Calix, an Education major at Kentucky State University, was omitted from the Spring CAPS Honors List. Nancy had a GPA of 3.75 in the Spring semester. Sorry, Nancy!!!!!!



Hugo Gomez, an Animal Science major at Illinois Eastern Community College, participated in the Agricultural Cooperative Development International (ACDI) internship program this past summer. Here, he is pictured with Greg and Howard Whitmore, at whose farm he completed his internship for one month.

CAPS Scholar "Learning the Ropes" in New Hampshire

CAPS/Honduras scholar Osvaldo Munguia was invited to participate in a "ropes course" at Monadnock Bible Conference in Jaffrey, N.H. by one of his classmates who is a member of the conference.

Osvaldo enjoyed every minute of the experience in this course, as well as the friendship offered to the participants by the American family in the Monadnock Bible Conference.

The course was designed to work on seven goals, including the following: leadership development, teamwork, improving communication skills, and learning to trust others.

The participants help and encourage each other to accomplish physical challenges beginning with a 12 foot wall and culminating in the High Ropes. In order to achieve their goals, the participants must function as a group. Osvaldo highly recommends the course for anyone who wants to spend a day in the field.



Honduran student adjusts to life on the farm

from The Shelby Sun



Muscatine Community College students from Honduras set up displays of Honduran arts, crafts, clothing and pictures in a celebration of their country's Independence Day Friday.

Contributed photo

MCC's Honduran students celebrate Independence Day

Muscatine Community College students from Honduras had faculty and student help Friday (Sept. 15) in celebrating their country's Independence Day.

The eight men and one woman from the Central American democracy set up displays of Honduran arts, crafts, clothing and pictures from their homeland in the MCC student lounge. The students were on hand all day to share information about their country's history and culture using informative handouts, maps and a videotape.

Luis Cacho, MCC agriculture student and former elementary school teacher in Honduras, coordinated the celebration at the college.

"It is a big day for us," said Cacho, a spokesman for the group. "Hondurans adopted a government much like yours 168 years ago, and we are proud that it is still working today."

The country, about the size of Tennessee, has a population of about 5.5 million, much of that rural and agrarian, according to a handout prepared by the Hondurans. Because the economy is dependent primarily on agriculture,

most of the Hondurans at MCC are enrolled in the college's agriculture programs. Two are taking business courses and one is pursuing a degree in social work. Each of the students is studying on Honduran government scholarships.

Although Spanish is the official language there, English is spoken by many professional people because more than 2,000 Hondurans study in the United States each year.

Jean Goodnow, MCC's dean of student development, said the Hondurans have been a welcome addition to the campus.

"Their stay here has been a good experience for all of us," Goodnow said. "We hope to expand our international programs and provide similar opportunities allowing our students to study in other countries."

The other Honduran students include Enna Antunez, social science major; Florentino Gamboa, Pablo Rosales, business majors; and Oscar Flores, Pedro Ramirez, Pedro Mendieta, Jorge Maradiaga and Herbert Lopez, farm management majors.

Hugo Gomez has been in the United States for two years and his first visit to Nebraska occurred the last of July, when he arrived to spend four weeks with Howard and Eileen Whitmore.

Of Spanish descent, twenty-six year old Hugo is a native of Honduras. He, along with his parents and eight brothers reside in the country's capital, Tegucigalpa, an Indian word meaning "silver hills." His father is a carpenter and his mother a housewife.

Following graduation from high school he studied accounting for three years at the Central Institute of Honduras, spent two years at the National University of Honduras and worked an additional two years in a bank.

It was while working at the bank that he recognized a need for gaining agriculture related knowledge. As one who had "always liked to work in gardens and fields as a child," he applied for a Central America Peace Scholarship, a project co-sponsored by the United States and Honduran governments. The program was first proposed by Dr. Henry Kissinger in 1985, while on a Central American visit, and enable students to gain related information in the United States.

Hugo studied English in Tennessee and began classes at Wabash Valley College in Mt. Carmel, IL in the summer of 1988. The college has a two-year agriculture program that he will complete in May 1990. He will receive two college credits for time spent at the Whitmore farm.

In addition, he has attended a leadership seminar in Philadelphia, PA in December and worked on an Illinois farm last summer. At the completion of his studies in the United States he will "owe" two years of work to Honduras.

Rex Schultz, formerly with the Farm Credit Bank and now with Agricultural Cooperative

Continued on page 9

National Party Celebrates Win

This Week

for general election workers to identify Liberal voters and possibly to keep them from voting; and that the party lacked a strong logistical organization to operate on election day. The president said that the "incapacity of the National Election Council (TNE) should be investigated and analyzed" due to problems and alleged irregularities in the electoral process.

He said that after spending more than Lps. 36 million in a year and receiving internal and external support, the election council should have been able to conduct elections with accurate voter registration lists.

However, the president rejected the call by some Liberals to protest supposed electoral fraud.

He urged Liberals to accept the election outcome and to work with other parties toward a peaceful transition and support for democracy.

Azcona said Callejas will have to review carefully the changes that will be made in public officials and employees, noting that the Civil Service Law will protect some employees, as well as the Retirement and Pension Law and other legislation.

Azcona said that after his presidential term ends he will return to private life.

"I am going to work, because I have a family that depends on me," he said.

Asked if he would retire completely from politics, he said a citizen never retires but remains active, and that he will offer his assistance to the Liberal Party but will concentrate on his private business.



President-Elect Rafael Leonardo Callejas

difficult times," and that a stronger and more productive economy will provide the only solution. He said devaluation of the lempira "is not an alternative" in his economic program.

International observers who monitored the voting Sunday and the tabulation of the results spoke favorably of the way the elections were conducted.

About 19 international observers held a press conference after the election in which an Australian observer said the politicians worked hard to win, a healthy competition that shows the power of democracy in Honduras.

He said observers visited 80 percent of the country's polling places.

He acknowledged that there was confusion in the process of counting votes from some ballot boxes, possibly because of a lack of training of election workers, but that despite the difficulties the Honduran people should accept the election results.

President José Azcona said he believes the National Party victory was not "a vote to punish the Liberal Party" for its actions during the eight years the Liberals have been in power.

"There was no such punitive vote. Callejas won with Nationalist votes. In the last elections he got 700,000 votes, and the flourishing growth of that party has reached 850,000

votes, and that is normal," the president said.

He said Liberal voters, for whatever reason, did not turn out to vote as heavily as they had in previous elections.

"It was the largest abstention (of Liberals) in the history of recent elections, an abstention nearly double last time, and that is a very important factor," the president said.

"The Liberal Party should analyze the situation of why Liberals did not go to vote. On the North Coast, abstention was 50 percent," Azcona said.

He said the determining factor in the Liberal Party's loss was fragmentation of the party among four pre-candidates who sought the nomination that ultimately went to Flores last year.

Also, he said, perforation of Liberal Party voters' identification cards to show they had voted in the party's internal election made it possible

Although votes from remote polling places and "special votes" whose validity had to be determined had not yet been counted, the National Party this week celebrated its triumph in Sunday's nationwide elections.

President-Elect Rafael Leonardo Callejas Romero, who came close to winning the 1985 presidential election, won this contest with an early unofficial total of 906,437 National Party votes, topping Liberal Party candidate Carlos Roberto Flores, receiving 1,502 votes; Efraín Díaz Rivillaga of the Christian Democratic Party of Honduras (PDCH), 25,067; and Enrique Aguilar Cerrato of the National Innovation and Unity Party - Social Democrats (INU-SD) with 32,752.

The National Party won 70 seats in the National Congress, Liberals 53 and PINU one.

National Party candidate Sara de Melgar Castro won the mayor's office of Tegucigalpa.

Callejas said preparation for the transition from the current Liberal Party government to the new National Party leaders has begun, with commissions - made up of people not under consideration for public office - reviewing different areas of public administration to assess programs and needs.

Callejas said the Honduran people recognize that the country "faces one of its most

Honduran Student Adjusts... from page 8

Development International, is possible for matching Hugo with the Whitmore family. During his stay he visited the Farmers Co-op, attended the Polk County Fair, toured the research farm at Clay Center and gave blood for the first time

at the bloodmobile in early August.

Hugo and nine other students attending classes at the college in Illinois, look upon themselves as ambassadors from their country. He "likes telling about Honduras."

According to Hugo, the Whitmores were excellent hosts. He attended their family birthday parties and a baptism. He said, "Everyone is so nice and I appreciated it. I had a great time, there was no strain. Shelby is a friendly community."

Anyone who had the chance to visit with Hugo Gomez, a recent visitor in the Howard Whitmore home, was impressed with his easy, friendly manner. He, as a community, apparently left a good impression on the student from Honduras.

CAPS/Honduras scholar Felix Maldonado plays on the college soccer team at St. Mary's of the Plains College in Dodge City, Kansas. He is shown here in an action shot printed by the Dodge City Daily Globe this past fall.



FANCY FOOTWORK

Dan Wiegert staff photographer

Felix Maldonado (16) of Saint Mary of the Plains uses some fancy footwork to get the ball by Tabor's Dan

McVey during the Cavaliers' soccer match Tuesday on their home field. SMPC downed Tabor 5-1.

Hanukkah... from page 1

Each consecutive night, another candle is added to the previous one until, on the eighth night all eight candles and the shamus are lit. Also, during the eight days of Hanukkah, following the candle lighting ceremony, it is tradition to give Hanukkah "gelt" or money, to the children in the family.

Tradition has changed slightly because of Hanukkah's relation with the Christmas season. Rather than giving children the Hanukkah gelt, the whole family exchanges presents amongst themselves and their friends.

While watching the candles burn, the children can use their Hanukkah gelt when they play a game called "dreidel". The game begins when each player puts a coin (usually candy coins) in the center of the circle, and in turn, each player spins the dreidel. The four sides of

the dreidel will indicate if the player wins, loses, has to contribute a coin to the center of the circle, or does nothing in that turn.

The first and final nights of the festival are the most special. Sometimes people have parties to celebrate and read the story of Hanukkah, exchange presents with family and friends, and eat traditional foods.

The most traditional food for this holiday is the "latke" or potato pancake. This pancake is a mixture of shredded potatoes, diced onions, milk, and salt. The reason these latkes are associated with this holiday is because they are fried in oil which reminds us of the miracle of the Festival of Lights. Another traditional food for this festival is Hanukkah cookies in the shapes of menorahs, dreidels, and six pointed stars (the star of David). I always remember my house being full of the wonderful smells of the latkes and the cookies every Hanukkah. Wow they were great!

New Year's "En Vivo"

by: Scott Goldman, Feature Writer

The end of the old year, and the ringing in of the new, is an occasion for celebration across the United States. New Year's Eve and the first day of the year bring a variety of festive parties and celebrations. Included in New Year's celebrations are the Tournament of Roses parade held in Pasadena, California, and the competitive spirit represented in the numerous collegiate football "Bowl Games".

In Times Square in New York City, the most famous New Year's party takes place. On New Year's Eve, at the intersection of 42nd Street and Broadway, people jam the square to watch the red apple globe atop the Time-Life building fall at midnight, to welcome in the start of the new year. The event is carried live by major television networks so people can watch the event from the comfort of their homes. New Year's Eve parties are common in all parts of the country where people can take a moment to reflect on the old year and welcome the new with a kiss and a glass of champagne.

New Year's Day is a time to enjoy the the incredible beauty and technical sophistication of the "floats" seen in the Tournament of Roses Parade in Pasadena, California. The parade is televised live by all the commercial networks, and over 500,000 people gather along the route outside of Los Angeles to watch the parade pass by.

Major U.S., Japanese and European corporations, as well as cities throughout California, sponsor parade floats. The most unique feature of the floats is that all surface areas are covered in flowers or other organic materials. Thousands of volunteers work to paste the flowers onto the floats in the hours prior to the parade. The floats are magnificent creations, sometimes with sophisticated hydraulic systems to make certain parts move or perform in some interesting manner. The floats are categorized and awarded prizes for the best animation, the best floral arrangement, etc. The Tournament of Roses Parade is an event you should not miss on New Year's Day.

Many Americans take New Year's Day to relax and enjoy the famous college football "Bowl Games". The country's best collegiate football teams play one another from morning

New Year's the U.S.A. Way

until night, resulting in the crowning of the best team or the national champion. It is an honor for a university to be invited to a New Year's day game because it recognizes the accomplishments of the university's football team on a national level, and gives the players a chance to visit another part of the country and to enjoy special dinners and activities. Universities also receive thousands of dollars for their participation at these games.

Although there are now many different bowl games, the "major" bowl games all take place on New Year's Day. The Rose Bowl, the oldest and richest of all the "bowl" games, is a contest between the champions of the Pacific 10 conference and Big 10 conference. The Cotton Bowl, played in Dallas, Texas, hosts the champion of the Southwest Conference against a major non-conference rival. The Sugar Bowl, played in the Superdome in New Orleans, represents the champion of the Southwest Conference against a major non-conference foe. The Orange Bowl, played in Miami, Florida, is a contest between the Champion of the Big 8 conference and a major independent.

However you celebrate New Year's 1989-90 - parties, parades or watching television at home - CAPS wishes you a healthy and prosperous new year and decade!

NAVIDADES CUBANAS-AMERICANAS

continued from page 1

A las doce de la noche algunas familias van a misa, que en Cuba se llamaba la Misa del Gallo. Cuando regresan abren los regalos que están abajo del arbolito. En mi casa, mi madre se viste como Santa Claus y le regala juguetes pequeños a todos, niños y adultos.

El día del 25 empieza tarde. Se sale a pasear y a visitar amigos para darles regalos. Algunas familias también les regalan unos cuantos juguetes a los niños el 6 de enero, que es el día de los reyes magos.

A pesar de las fiestas y los regalos, nosotros tratamos de recordar que las cosas más importantes durante la navidad son la familia y los amigos, la religión, y paz para todos.

Black American New Year's

by: Monique Turner

The New Year is a time to say good-bye to the past year, and hello to the new one. New Year's Eve and New Year's Day often bring together old traditions and new ones throughout many households in the United States.

In my family, the celebration for New Year's Eve is individually-oriented. Each family member usually has his/her own agenda for the evening festivities. This usually means that my parents go to a party at their friends' house, and my sister and I attend separate functions given by our friends. Sometimes we do give our own New Year's Eve party, but most of the family festivities are reserved for New Year's Day. Part of the fun of attending our own parties on New Year's Eve is telling vivid accounts of our evening to everyone in the family during breakfast on New Year's Day.

New Year's Day is mostly oriented towards family and close friends. People will often open their houses for visitors, who come to wish them well for the year to come. As the family doors remain open, so does the family kitchen; there is always an abundance of food and drink during the festivities.

Black-American families will often have "Soul" food on New Year's Day. Soul food comes from the Southern states of the United States, as much of current Black-American

New Year's the U.S.A. Way

culture originated in this region of the U.S. "Soul" dishes include pigs feet, barbecued spare ribs, collard greens, Hoppin' Johns (rice and black-eyed peas), potato salad, cornbread, yams, and sweet potato pie. Black-American culture has it that eating Hoppin' Johns on New Year's Day brings good luck. Here is a recipe for Hoppin' Johns that hopefully will bring prosperity to all the CAPS/Honduras students and staff. Happy New Year to all!!

Hoppin' Johns

2 hamhocks (such as the pig's foot or ear)
1 bay leaf
2 onions, chopped
1 celery stalk, diced (sliced into small pieces)
1/2 teaspoon of crushed red pepper
2 cups black-eyed peas (dried)
2 cups uncooked rice
salt/pepper to taste

Soak peas overnight in a bowl so that they will soften. Place hamhocks in a pot filled with water on the stove. When the water boils, add the celery, onions, bay leaf and red pepper. Add peas and cook on stove for 2 hours. Cook rice in a separate pot until done. Mix rice and peas together and add salt and pepper to your liking. Serve hot.

Happy New Year!

CAPS Scholars' New Year's Resolutions

Every New Year, people all over the United States make a list of New Year's Resolutions. These Resolutions are promises we make to ourselves to do or not do certain things that will help us improve our lives. We pledge to begin doing these things on the first day of the New Year, like a new beginning for ourselves. Some common examples are: "I promise to... stop eating junk food; keep my room neater; call my parents more often; exercise; etc.

In this spirit the CAPS/Honduras staff, because of our never-ending quest to make our scholars' lives better, has thought up a few Resolutions for our students to keep in mind for the New Year:

- I promise to get straight A's all year.
- I will send my AETR on time.
- I will not give my program specialist a nervous breakdown!
- I promise to lose the 10 pounds I gained eating American dormitory food.
- I will have a good time in the United States and "Experience America", but not party too much.
- I will keep up on all my reading assignments so I don't have to cram for exams.
- I promise to call my program specialist once a month just to say Hi!

VINCULO HONDUREÑO-AMERICANO

PROYECTO CENTRO AMERICA DE BECAS PARA LA PAZ

Agencia para
el Desarrollo
Internacional

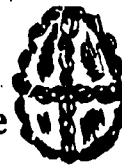


Volume IV Number 1
Spring 1990

Academia para
el Desarrollo
Educativo



Easter Tradition "Rolls On" at White House



Every Easter Monday since 1878, children from all social and racial backgrounds have participated in the "White House Easter Egg Roll" on the White House Lawn. In recent times, approximately 2,000 children each year roll hard-boiled, colored eggs with spoons down the grassy slope in back of the White House.

The egg-rolling contest is open to children under eight years old, and you must get in line early to participate. Usually about 35,000 children attend the Egg Roll, and those who don't actually roll the eggs can hunt for wooden eggs, collect balloons, listen to bands, watch farm animals, see magic shows, and eat lots of candy.

The Easter Egg Roll began officially at the White House in 1878, during the presidency of Rutherford B. Hayes. Prior to this, children had rolled eggs down the hill near the Capitol Building, a custom started by Dolly Madison and her son Payne.

Egg rolling at the White House was cancelled during the First and Second World Wars for security reasons, but each new event since then got bigger and provided more entertainment. Today the actual egg rolling is only a small part of the Easter Egg Roll.

One of the most interesting aspects of the Easter Egg Roll is that the President and his family often walk through the crowd, and many children and their parents can meet or see them up-close. Of course everyone - children, babies, and adults - who

enters the White House grounds must pass through metal detectors at the gate. Apparently, many people don't mind as long as they have a chance to see the President and participate in the historical White House Easter Egg Roll activities.



INDICE

Page 2	Editor's Note; Banana Cultivation
Page 3	CAPS Staff Experiences Changes
Page 4	Problemas Discutidos en LCA
Page 5	Christmas International House; Sagrado Corazon Futbol
Page 6	Tertulia Sobre Centroamerica
Page 7	Ser Diferente; WVC Royalty; Ping Pong Intramurals
Page 8	Fall 1989 GPAs
Page 9	UCPR Honores; Cuarta Promocion
Page 10-13	Noticias de Todas Partes
Page 14-15	Literary CAPSule
Page 16	Anuncios Importantes



Editor's Note

The Vínculo-Hondureño inadvertently forgot to mention Oswaldo Casco in the story about international day at Kentucky State University. He was, in fact, very active in the event. We apologize to Oswaldo for the omission.

CAPS Student Shares Banana Cultivation Techniques

by Luis Cacho

Bananas require a very special kind of cultivation. They require proper soil, proper climate and very careful steps from planting to harvesting.

Bananas grow in hot, damp climate and thrive in rich, sandy soil that has good drainage. Banana farmers start the crop by cutting growths from the underground stems of mature banana plants.

These growths, called suckers, are planted in the ground. Three to four weeks later, they grow tightly rolled until they look like large drooping feathers.

Full grown leaves range from 6 to 10 feet (2 to 3 meter) long and from 1 to 2 feet (30 to 61 centimeters) wide.

After the stem grows through top of the plant, the branches roll back, revealing clusters of small flowers. These flowers develop and one bunch consists of 10 to 20 bananas, which are known as fingers. At least five hands of bananas grow on the stem of each banana plant.

The stem of the banana plant is cut off after bearing one growth of banana, and a new stem then grows in its place. In time, the stem becomes heavier and droops toward the ground, and the bananas grow large and begin to curve upward. The fruit is harvested four or five months later. Bananas are picked while they are green so they will be ripe when they reach the consumer at distant markets.

Also, the fruit loses its flavor if allowed to ripen on the plant.

In conclusion, to grow bananas we must have the proper kind of soil, climate, and follow very careful steps, from planting until we get final production. It is important to keep in mind.

Vínculo Hondureño- Americano

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Contributions to the Vínculo Hondureño-
Americano are always welcome!!!

CAPS EXPERIENCES CHANGES/TURMOIL

Lotto Number Pays Off

Mike Morris, Financial Manager for the CAPS/Honduras project, says that he always knew he was a lucky guy, but not this lucky. Last night Mike won over 1.2 million dollars in the D.C. Lucky Lottery. Although the odds were against him at 12,000,000 to one, Mike managed to win big, and win for life. When asked how he picked the winning number, Mike replied, "I asked the cashier to give me any number. With that method, you can't lose."

Mike says that he will give some of the credit to luck, but really feels that faith is the real reason he won. "I have faith in every endeavor I believe is for the common good of man, especially if the man is me."

Despite his new-found fortune, Mike will continue to work on the CAPS/Honduras project. "This job keeps me going," explained Mike. "Money isn't everything, you know."

Secretary Bids Farewell to CAPS/Honduras Project

CAPS/Honduras project secretary Vicki Garcia resigned from her position last Thursday to begin her new career towards fame and fortune as the lead singer for the well-known Latin pop group Miami Sound Machine. She is replacing former lead singer Gloria Estefan, who has left the band to recuperate from spinal injuries she suffered during a car accident. Ms. Garcia will move back to her hometown of Miami to begin rehearsal with the band, as they are scheduled to begin a world tour starting in the month of June.

"Performing on stage has been a life long dream for me," says Garcia. "I would often practice different Latin pop songs such as 'Oye mi canto.' I have even learned how to dance the Lambada."

While the CAPS staff is sad to see Vicki go and will miss her dearly, we wish her the best of luck and much success in her rise to stardom. Buena suerte, Vicki!!

Specialists Stage Protest

Nancy Wolfman, Monique Turner, and Susan Epstein, Program Specialists with CAPS/Honduras, went on strike last week after numerous conflicts regarding the video tape on Honduras. Only one video is owned by CAPS/Honduras, and each specialist must share this precious artifact.

Troubles began when Turner took the video without permission of CAPS/Honduras, and she accidentally taped over part of the video. When Wolfman later borrowed the video, she discovered that the Rio Platano segment had been replaced by Janet Jackson's MTV musical video.

Although Turner admitted she was guilty, Wolfman threatened to call the police for Turner's robbery and destruction of property.

Things got out of hand when Susan Epstein went into a frenzy and screamed, "I'll erase the whole video if we don't have peace talks!"

As of this week, all three Program Specialists have agreed to attend Peace Talks, provided that each be given a blank video cassette to be used any way they like.

Reyes Commits Baby Fraud

Rosibel Reyes, Financial Secretary for the CAPS/Honduras Project, was reprimanded yesterday in D.C. court for "baby fraud". Reyes explained to reporters, "I wanted to receive presents from many people, so I pretended I was having a baby. I now realize this is very wrong and I will return all the presents sent to me."

Sympathy cards and presents from the scholars can be sent to Ms. Reyes c/o the CAPS/Honduras Project.

APRIL FOOL'S!!!!!!!!!!!!



Problemas Hondureños Discutidos en Estados Unidos

por Milton Lara

Del 18 de diciembre al 7 de enero de 1990, aproximadamente 200 estudiantes representando América Latina y el Caribe, fuimos invitados por el A.I.D. al seminario L.C.A. (Centro de Liderazgo de las Americas), sostenido en la ciudad de Baton Rouge, Louisiana, para tratar problemas del área.

Los miembros del panel, construido por notables profesionales de los Estados Unidos, más la activa participación de los estudiantes, fueron ingredientes adecuados para formar un ambiente educativo y saludable.

Fueron muchos los problemas tratados: educación, salud, reforma agraria, derechos humanos, prejuicios ideológicos entre los diferentes países, el papel del militar en una sociedad civil, y por supuesto, el famoso "impulso económico". Un tema mas específico para Honduras fue la presencia de "la Contra" en nuestro territorio.

Entre los participantes hondureños una conclusión unánime fue el reconocimiento de que en tiempos cuando los pueblos alrededor del mundo luchan por lograr sociedades justas, es propio para Honduras señalar y sanar los malestares sociales que por casi siempre la han aquejado, tales como:

materialistas que venden nuestras tierras por reales a las transnacionales, la burocracia y la violación de los derechos humanos.

Espero compartir a fondo estos temas con mis compatriotas en el futuro. Mientras tanto, quiero enviar un caluroso saludo a nuestros valores artísticos nacionales, Mario de Mezapa y Lucy Ondina, comunicándoles que son muy escuchados por la comunidad latina en la universidad donde estoy cursando mis estudios (Florida A & M University).

De la misma manera le envío un saludo a CNTC y al SITRAINA, deseándoles mucho éxito en sus luchas por el campesino hondureño.

CAPS/Honduras Participants in the Seminar: Adolfina Caballero, Miguel Centeno, Marlon Hernandez, Karla Iglesias, Milton Lara, Ana Martinez, Elvin Martinez, Jose Melgar, Diana Reyes, Edna Rivera, Carlos Rodriguez, Ana Urquia, Orlando Valladares.

□ MORNING ADVOCATE, Baton Rouge, La., □ Mon. Jan. 8, 1990

Foreign students grasp democracy

By WENQIANG LI
LSU student writer

Like many foreign students in the United States, Patricia Aguinaga planned to stay in this country after completing her studies. But now she has decided to return and "make a big difference" in her native country of Ecuador.

The 22-year-old student changed her mind after attending a three-week seminar at LSU, sponsored by the Leadership Center of the Americas, which aims to educate and train upcoming leaders in Latin American and Caribbean nations in the principles of democracy.

Two hundred foreign students — all of whom are attending American colleges — participated in the recently concluded seminar.

"There are a lot of problems in my

home country. Originally I thought 'Wait for somebody else to take care of them.' Now I think I can do something for my home country," said Aguinaga, who studies finance at the University of Delaware.

"We, as potential leaders, can make a big difference to our home countries," she said, adding she hoped to become a leader in international banking in her home country.

"What I have learned from the program is mostly about people," Aguinaga said. "I used to think Latin American people had one idea, but actually not. People from different countries have different opinions" on how to solve such problems as debt, drugs and human rights violations.

Patricia De-La-Garza, a Mexican student majoring in marketing at the University of St. Thomas in Houston, said she was not very interested in politics before, but now "I feel

personally involved."

"The seminar was a valuable experience. It gave me a more global perspective of things," she said. "I used to think history was development of events. Now I realize that history has much to do with people."

Fryda Guerrero, a native of Guatemala, said the seminar helped her have a clearer picture of democracy.

"I used to think politics and political system were left to the people in government," said the psychology student at John Brown University in Arkansas. "Now I think in order to have a real democratic system, we have to have a personal involvement in society. We have to face responsibility as individuals."

Some participants took issue with U.S. democracy.

"Democracy in the United States is not democracy in every real sense,

because the rights of minority are not met," said Grace Bernard of Jamaica, a student from Oakwood College in Huntsville, Ala. "Apart from that, it's a great country. It has helped many Latin American countries with financial aid."

Honduran student Milton Lara said the seminar was helpful, but he complained that representatives of some countries were not at the seminar.

"The only regret I have is that we don't have people from Cuba, Nicaragua, Argentina and Venezuela," he said. "We Latin American people must get to know each other. Although we share the same language and same roots, we are not close enough."

During the three-week seminar, many prominent professors lectured on such topics as politics, economy, democracy and drug and debt problems in Latin American and Caribbean countries.



Arizona CAPS/Honduras Student Takes Part in Christmas International House



Carlota Portillo was among the many international students participating in the Christmas International House last December. She roomed with a Japanese student and stayed in Sheperdstown, West Virginia.

Carlota greatly enjoyed meeting and sharing ideas with students from so many different places.

She was also able to travel around the area during her stay in Sheperdstown. Among the places she visited were Baltimore, Maryland; Harper's Ferry, WV; and Washington, DC. Carlota was even able to stop by our offices here at AED and say hello.



EQUIPO DE BALOMPIE SUB CAMPEONES 1988-89
DE IZQUIERDA A DERECHA CARLOS BETANCOURT, JULIO DIAZ, NORMAN FONTAN, LUIS LOMBA MALAJO NAJERA, SR. ALBERTO RAMOS, COACH,
SENTADOS EN EL MISMO ORDEN AURELIO RAMOS, JEAN PAUL GOACHET,
DAVID GONZALEZ, OSWALDO CLAROS Y JOSE ANTONMATTEI.

FUTBOL!!!!!!

Julio Diaz, Aurelio Ramos, and Oswaldo Claros nos mandaron esta foto de su equipo de futbol de la Universidad de Sagrado Corazon. El año pasado ganaron el titulo de subcampeon en el torneo de la liga atletica universitaria. Esperamos ver noticias buenas de su equipo, los Dolfines, en la nueva temporada.



Becaria Asiste a Tertulia sobre Centroamerica

por Orfa Jackson

Hace unos dias asisti a una tertulia con el Eminentisimo senor cardenal Miguel Obando Y Bravo. El es el arzobispo de Managua,



Nicaragua, quien hizo su primera visita a esta isla de los encantos Puerto Rico. Hablamos sobre la situacion en Centroamerica. Como centroamericanos conocemos nuestra situacion. Las bases de la antigua sociedad se ha ido desboronando y los efectos son en algunos casos devastadores. La familia, que es la celula, la unidad principal en una sociedad, se ha ido desintegrando poco a poco. Companeros, el futuro viene hacia nosotros, la ciencia y la tecnologia alteran el comportamiento del ser humano, pero en medio de ello, no olvidemos el amor, la comprension, la comunicacion en la familia. Porque en una familia amorosa, responsable, respetuosa y comprensiva estan las bases de una sociedad democratica. Tengamos siempre y para todo la fe en Dios y lograremos nuestras metas.



Submitted by
Douglas Amador
from the Freeport
Journal Standard,
November 25, 1989.

The Thanksgiving
meal was sponsored
by American Host
Family.

The international flavor dominates the Hoppe home over the Thanksgiving holiday with three foreign visitors as guests. Gathered around the 'Scrabble' game are Bonnie Hoppe, Jon Hoppe, Douglas Amador of Honduras, Amir Jamal of Pakistan, Dr. Peter Bod of Hungary and (standing) Doug Hoppe and Carlyle Hoppe.

205

Ser Diferente

Si quieres disfrutar completamente de la vida y ser feliz, trata de no compararte con nadie.

En ningún instante te compares con alguien que crees que sabe más que tú; él sabe más porque se ha esforzado en su preparación, cosa que si tú desearas, puedes llegar a alcanzar también.

Tampoco te compares con aquellos que tienen más dinero o mejor posición social, eso no cuenta al final de todo. Lo que se lleva dentro es lo único que realmente tiene valor.

No te compares con aquel que se ve completamente feliz, pues las personas pueden ser felices en la medida en que se lo propongan.

No te compares con nadie... tú puedes y debes alegrarte de poseer lo que tienes: salud, familia, entusiasmo y fe.

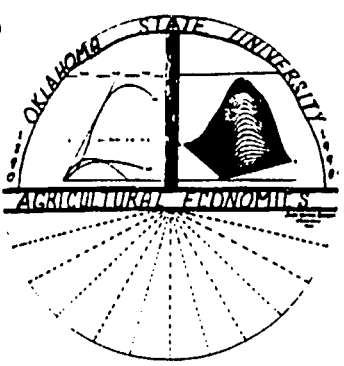
Otorga tu gratitud a Dios por todo lo bueno que te ha brindado y por haberte hecho el regalo más grande que has podido recibir: la vida.

Every morning that you wake up is a miracle. It is a new opportunity that God gives you to improve your actions and feelings.

You are very important to God, who has prepared wonderful things for you... try to find them.

Remember if you keep your faith in God, yourself, and what you do, nothing will be impossible for you.

Juan Suazo



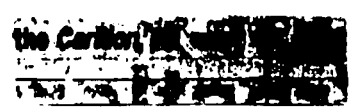
From the Daily Republican Register, February 3, 1990



(Staff photo by Bob Livingston)

WVC royalty

Harry Smith, on left, Chancellor of the Illinois Eastern Community College District, greeted the Wabash Valley College 1990 Homecoming Queen and King Thursday night in Spencer Sports Center. WVC Queen is Ana Martinez of Honduras, who represented the International Club, and the WVC King is William Halpin of Gillespie, who represented the Telecommunications Club. The pair were crowned at halftime of the WVC-Southeastern Illinois College game. (See game story, page 4).



Intramural Corner

Pingpong winners announced

By Dean Horianopoulos
Sports Editor

The intramural ping pong doubles tournament came to a conclusion Sunday night. Sixteen teams fought it out, but when the smoke cleared and it was all said and done, Charles "Albert" Lee and Felix Maldonado emerged victorious. Maldonado is on an intramural hot streak. He also won the pool tournament three weeks ago. Lee was par-

ticipating in his first intramural event since coming to school in America.

In the Women's bracket, the Tadease sisters, Azeb and Saba went undefeated. Speculation has that they were born with paddles in their hands.

The next intramural event is scheduled to be co-ed volleyball or singles ping pong. Check for sign-up sheets posted around school for details.

4.0

Calderón, Delmy
Dueñas, Jorge
Flores, Rosa L.
Gómez, Gloria
López, Karla
Martínez, Ana
Mayes, Mario
Medina, Nila
Munguia, Oscar
Orellana, María
Padilla, Liliam
Salandía, Jorge
Valle, Liza
Vargas, Adolfo
Zelaya, Gregorio

3.90 - 3.99

Amaya, Legni
Barrios, Freddy
Centeno, Miguel
Mayorga, Gladys
Mejía, Diego
Robertson, Liliana
Valladares, Orlando

3.80 - 3.89

Arita, Alex
Arzú, Melba
Barahona, Rolando
Casasola, Jose
Colindres, Juan
Fernández, Miriam
Hernández, Sonia
López, Herbert
Molina, Irma
Molinero, Carlos
Ordoñez, Oscar
Osorio, Lorena
Osorio, Ramon
Quintero, Rene
Turcios, Juan

3.70 - 3.79

Araica, Yadira
Bodden, Jimmy
Deras, Oscar
Espinoza, Jorge
Jackson, Orfa

3.70 - 3.79

Munguia, Oswaldo
Ochoa, Luis
Peña, Jose
Pineda, Melvin
Portillo, Maritza
Ramírez, Carlos
Rodríguez, Ada
Rodríguez, Carlos
Varela, Hector

3.60 - 3.65

Castro, Boris
Castro, Livia
Euceda, Cintia
Gabrie, Alfredo
Gonzalez, Delsa
Macias, Juana
Nuñez, Santos
Reyes, Juan
Rivera, Edna
Sandoval, Diana
Suazo, Juan
Urquía, Ana
Valle, Lucio

3.50 - 3.54

Benítez, Beverly
Caballero, Luis
Chávez, Rafael
Fortin, Rony
García, Carlos
García, Jorge
Goff, Marco
Gonzalez, Andres
Henriquez, Samuel
Lezama, Karla
Melgar, Jose
Oliva, Mirna
Paz, Marcio
Pineda, Doris
Portillo, Carlota
Rodríguez, Sonia
Sherman, Isaac
Vásquez, Claudia
Vega, Rosa

3.40 - 3.44

Antúnez, Francisco
Benavides, Marta
Caballero, Manuel
Casco, Oswaldo
Cruz, Henry
Flores, Erik
Guillén Dora
Isaula, Maria
Lizardo, Glenda
Pino, Gladys
Ruiz, Rodolfo
Salgado, Oscar
Sosa, Maria
Tercero, Tulio
Torre, Luis de la
Vitanza, Salvador

3.30

Alvarez, Leonardo
Díaz, Reyna
Ferrera, Gloria
Ferrufino, Janeth
García, Terencio
Lazo, Santiago
Ortega, Cesar
Perdomo, Reyna

3.20

Bellino, Dalysee
Betancourth, Ramon
Caballero, Hector
Calderón, Orlando
Chavarría, Ana
Fiallos, Sulma
Flores, Hugo
Flores, Oscar R.
Foster, Jose
Lagos, Nolvía
Mendieta, Pedro
Pagoada, José
Perdomo, Carlos
Posas, Luis
Reyes, Diana

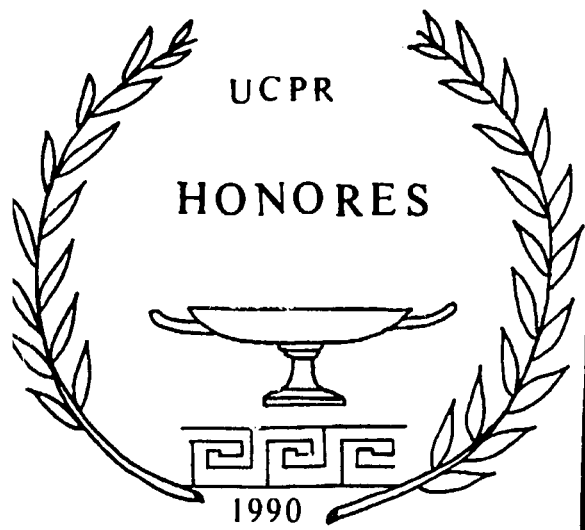
3.10 - 3.16

Antúnez, Enna
Barahona, Roberto
Caballero, Adolfinia
Carrillo, Rony
Flores, Arcadio
Henriquez, Santos
Iglesias, Karla
Maldonado, Félix
Ramírez, Pedro
Rios, Diego
Salazar, Suanny
Tábora, Manuel
Torres, Jose
Vargas, Mario

3.0 - 3.06

Acosta, Juvenal
Aguilar, Nora
Alvárez, Victoria
Cáliz, Nancy
Dominguez, Brenda
Gúzman, Patricia
Hernández, Ricardo
Lara, Carlos
Lovo, Reyna
Maldonado, Jose
Maradiaga, Rafael
Ramos, Aurelio
Sierra, Rigoberto
Sorto, Mary
Torres, Pedro
Tronconi, Emilia
Úcles, Jose
Wood, John
Wood, Thelma
Zavala, Carol
Zelaya, Jose
Zuñiga, Jose

¡Felicidades!



ASAMBLEA DE HONORES
ESTUDIANTES DE PRIMER AÑO
13 de marzo de 1990



En la foto aparecen Orfa Jackson, la Consejera International, Yadira Araica, y Mirna Oliva. A la izquierda aparecen unos recortes del programa de la Asamblea de Honores Estudiantes de Primer Año.



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- Colón Madera, Angela L.
- David Miranda, Wanda I.
- Irizarry Olivo, Angel D.
- Jackson López, Orfa

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PROYECTO CAPS/ USAID/HONDURAS

La Academia para el Desarrollo Educativo (AED), informa a las instituciones públicas y privadas que han finalizado sus estudios durante este semestre del otro grupo de becarios del Proyecto Centro America de Becas para la Paz (CAPS), patrocinados por la Agencia para el Desarrollo Internacional (AID), quienes registran con el deseo de integrarse al proceso productivo del país. Mayor información en el 31-4303

Cuarta Promoción

<ul style="list-style-type: none"> Rocio Odette Bardeles Mejia Lisandro Palma Landa Martha Elizabeth Reyes Ocasio Brenda M. Rivas Alvarez Douglas Reynaldo Martinez Salgado José Mario Hernández Gamero Oscar Ortiz Lopez* Reyna Irene Mejia Chaoen* Carmen Xiomara Urbina Carras Maria Natividad Rodriguez Lopez Juan Carlos Borjas Gale Jesus Alexis Oviedo Ramos María Edgardo Talavera Sevilla Glaria Alejandrina Cañadas Rivera Alba Isabela Hernandez Oviedo Maria Ines Mendaza Artica Ramon Wilfredo Nula Coto Brenda Maneta de Ruiz 	<ul style="list-style-type: none"> AA Ciencia de la Computacion AS Agricultura/Reproduccion Animal AS Micro-Computacion AS Micro-Computacion AS Administracion/Marketing BS Ciencias Forestales BS Ingenieria Electrica BS Ciencias Economicas BS Administracion Agricola BS Lengua (Inglés/Español) BS Administracion de Empresas BS Ciencia Animal/Zootecnia BS Fitopatologia/Horticultura MS Ingenieria Industrial MS Ciencias Maritimas/Limnologia MS Administracion Agricola MS Comunicacion Agricola MS Economia Agricola
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*Continúan estudios de Maestría

202

4 / January 13, 1990

IV CENTRAL AMERICAN GAMES

Tegucigalpa This Week



(Top photos, left to right) Honduran swimmer Plutarco Castellanos exults after winning the 100-meter freestyle; gymnast Yadiria Palma prepares for her routine on the uneven parallel bars; Zacarias Arzu, flanked by Isabel Arnao and Juanin Lanza, raises high the Olympic torch after lighting the flame at the inauguration ceremony. (Photos by Eric Schwimmer.)



Impressive Opening Sets Tone

By ERIC SCHWIMMER

Undoubtedly, Friday, Jan. 5, 1990, will be remembered for many years in the hearts and minds of the people of Tegucigalpa and the rest of Honduras — especially by the lucky few who were able to see in person the opening of the IV Central American Games.

Even before the start of the games' inauguration ceremony in Tiburcio Carías Andino National Stadium, the crowd was full of enthusiasm and excitement. Nothing could keep them away, not even the strike of the urban bus system that began the previous day after a 10-centavo increase in bus fares was turned down.

Spectators still arrived by the thousands, coming to the stadium on foot or in the beds

of pickup trucks, which had taken over the public transportation duties of the city.

The approximately 5,000 students in the central section of the eastern half of the stadium spurred the crowd's enthusiasm by creating mosaics with colored flags.

The ceremony officially began with the arrival of the president of the IV Games Organizing Committee, President José Azcona. The Martial Band of the Military Command of the Armed Forces and a color guard of cadets from Francisco Morazán Military Academy preceded the delegations of athletes and officials from each of the participating countries — Belize, Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and Honduras. Panama sent

only a symbolic representation of two athletes due to the recent political and economic crisis in that country.

Several of the games' organizers made short speeches. The significance of the games was summed up in the words of Willi Katschmitt Lujan, president of the Central American Sports Organization (ORDECA), who said, "We are showing the world that we do know how to live in peace."

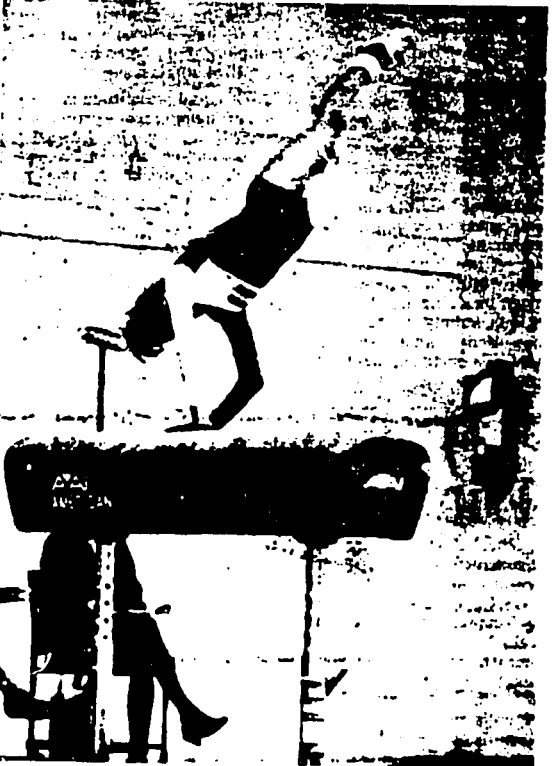
After Azcona officially opened the games, the military cadets raised the flags of ORDECA, the Olympics and the seven participating nations as the respective national anthems were played.

With the flags in place, Zacarias Arzu trotted into the stadium bearing the Olympic flame. Almost immediately, this Honduras former athletic great was mobbed by members of the press and other persons nearby.

To the sound of the crowd and delegations, the elderly Arzu slowly made his way along the track to the south end of the stadium, where he, Isabel Arnao and Juanin Lanza climbed the stairs of a platform to light the Olympic torch in the culmination of an excellent and well-organized ceremony.

The inauguration ended with a cultural program that included a re-enactment of a Maya ritual, traditional Honduran folkloric dances and a performance by Garifuna Indians.

Judging from the reactions of the spectators, competitors and officials, the IV Games inauguration ceremony was a resounding success. For one brief moment, war, inflation, foreign debt and other regional problems were put aside as Central America was united and an atmosphere of peace, brotherhood and friendly competition reigned in the capital of Honduras.



(Top photo) Honduran players celebrate a three-run homer in their game with El Salvador; (lower photo) Kerry Ann Izquierre of Honduras shows her vaulting form.

TEGUCIGALPA THIS WEEK

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Tegucigalpa This Week

IV CENTRAL AMERICAN GAMES

January 13, 1990/5

Honduran Athletes Triumph In Swimming, Track Events

By ERIC SCHWIMMER

In only a matter of hours Wednesday, Honduras captured gold and glory in two of the most coveted events in the IV Central American Games, the men's 100-meter dash and 50-meter freestyle swimming. With these victories, Honduras can now boast of having Central America's fastest humans, both on land and in the water.

Geovanny Flores, 19, won the 100-meter dash in a photo finish over Mario Blanco of Guatemala. Flores' time was 11.1 seconds, which is not his best, as he has been clocked at 10.5 seconds. Later that afternoon, the La Ceiba native won a gold medal in the 400-meter run.

The title of Central America's fastest woman goes to Zoila Steward of Costa Rica, who won the women's 100-meter dash over Wilder Dixon of Nicaragua and Leticia Sorto of El Salvador.

Carlos Medina won bronze for Honduras in the 3,000-meter steeplechase, and Doris Vallecillo and Rachel Cruz took the silver and bronze respectively in the women's 10-kilometer race-walk.

No one can claim that Honduran swimmers have not had public support. The 1,000-person seating capacity of the Olympic pool has proved to be insufficient, as hundreds of fans have been turned away at the gates for lack of space.

Cheered on by the crowds, Honduran swimmers have responded by winning seven gold medals through Thursday, as well as numerous silver and bronze.

Honduran Plutarco Castellanos is the fastest Central American in the water, having won both the 50-meter freestyle in a games' record time of 0.25.30 seconds and the 100-meter freestyle. Castellanos also took the silver in the 100-meter butterfly and has several bronze medals.

However, the most productive Honduran in terms of medals, and possibly the most popular athlete of the games, is Ana Josefina Fortin.

Fortin, granddaughter of the first president of the Honduran Olympic Committee, the late Federico Fortin, has

won, so far, five gold medals, a silver and several bronze. She won in the 100-meter freestyle, the 100-meter backstroke and the 200-meter medley, all in record times.

The president of the games' organizing committee, President of Honduras José Azcona, attended several of the afternoon swimming competitions, and he personally awarded medals for the men's 100-meter freestyle and women's 100-meter backstroke on Tuesday.

Gymnastics, one of the most popular events of the games, was dominated by Guatemala and El Salvador. Gymnasium 1, where the competitions were held, was constantly packed with spectators wishing to see the performances of Rocío Salazar and Javiera Castellón, two Guatemalan nymphs who took all of the gold and silver medals in women's gymnastics.

Rocío Salazar won gold medals in all-around, balance beam, uneven bars and floor exercise and a silver in the vault. Castellón captured the gold in the vault and silver medals in the rest of the events.

Patricia Abarca, a Costa Rican and one of the older competitors, won bronze in the all-around, uneven bars and floor, pleasing the public with her somersaults, twists and moves.

The girls of the Honduran team, although not up to the standards of the Guatemalans, provided good performances, especially in the floor exercise and the balance beam. They did manage to win a bronze medal in team performance.

In men's gymnastics, Carlos Rosales of El Salvador won seven of the eight gold medals awarded, losing only to Christian Teruel of Guatemala on the pommel horse. Carlos Herrera took the only medal for Honduras, a bronze in the vault.

El Salvador's baseball team, behind the relief pitching of veteran Cirilo Herrington — a Nicaraguan native and naturalized Salvadoran — won all of its preliminary games, including a surprising 5-3 win over powerhouse Nicaragua, the pre-games gold medal favorite. In the win over Honduras, Herrington came

on to relieve Jaime Platero in the eighth inning with one runner on and nobody out, and a thin one-run lead. The pro-Honduran crowd, which numbered more than 5,000, greeted the heavy Salvadoran pitcher with boos and catcalls. Unfortunately for Honduras, this had little effect on Herrington, who just smiled each time to crowd jeered him, bore down and got an out.

Honduras threatened in the ninth inning by placing runners on first and third with two outs, but Victor Castro was thrown out at first base on a controversial call, giving El Salvador the win. The four finalists in baseball are El Salvador, Nicaragua, Honduras and Costa Rica.

In other events, Martin Banegas captured a gold medal in taekwondo, and Nelson Stanley in weight-lifting for Honduras.

Honduras also has a good shot at winning the gold in men's and women's basketball.

Overall, Honduran athletes have more than exceeded expectations in the IV Games, having obtained 86 medals — the third-highest total for the games through Thursday, and more than double its combined total of 39 medals in its two previous participations in the Central American Games.

The public, and especially young people, have also responded by supporting and cheering on Honduran competitors in all sports, whether it be in fencing or baseball, in racquetball or gymnastics.

Events scheduled for today, the last day of the competitions, are the marathon; boxing from 5 - 11 p.m. at Gymnasium 1 at the José Azcona Sports Complex; the Honduras-Costa Rica soccer match at the National Stadium at 4 p.m.; volleyball finals at Gymnasium 2; basketball finals at the Rubén Callejas Valentine National Gymnasium; judo in Gymnasium 3; equestrian events at the AGFAM facilities near Suyape; and weight-lifting at the Hibuera Institute in Comayagüela.

The closing ceremony will be held at the Tiburcio Carías National Stadium from 5 - 7 p.m. Sunday.



(Top to bottom) Multiple medal-winning swimmer Ana Josefina Fortin smiles after receiving her award to the 100-meter backstroke; Geovanny Flores, winner of the 100-meter and 400-meter track events; the Honduran women's gymnastics team awaits their turn for floor exercises. (Photos by Eric Schwimmer.)

Medal Totals (Through Thursday)

Country	Gold	Silver	Bronze	Total
Guatemala	43	72	48	163
Costa Rica	40	23	27	90
El Salvador	35	16	32	83
Nicaragua	34	18	29	80
Honduras	12	34	40	86
Panama	1	0	2	3
Belize	0	1	0	1

From La Tribuna, 25 de enero 1990

Día de la Mujer

Gina Coello

UNA GRAN EXPONENTE DEL DEPORTE NACIONAL



Gina Coello es un orgullo del atletismo nacional, ganadora de medalla de oro en los IV Juegos Deportivos Centroamericanos. En la gráfica cuando ganó su primera competencia atlética en 1979.

Gina Coello se ha convertido en una de las mejores exponentes en el deporte nacional al haber alcanzado la ansiada medalla de oro en la maratón olímpica de los IV Juegos Deportivos Centroamericanos que recién finalizaron en Tegucigalpa.

La famosa atleta comenzó a incursionar en el atletismo en las especialidades de pista, en 1979, cuando representó con mucho orgullo al Instituto Alfonso Guillén Zelaya, después hizo mejores tiempos en la prueba del Estadio Nacional cerro Juana Laines, convirtiéndose en una gran esperanza para el atletismo nacional.

Antes de llegar a obtener la meda-

lla de oro de los Juegos regionales en su cuarta edición, logró colocarse en el séptimo lugar en los Juegos de Indianapolis (U.S.A.), tercer lugar en la maratón de 1987 y en el segundo mundial celebrado en Italia logró colocarse en el trigésimo primer lugar en una competencia en que participaron los mejores valores de la maratón mundial.

Lo admirable de Gina es que sabe dividir su tiempo entre ama de casa y atleta, su rutina diaria comienza a las tres de la mañana y tres horas más tarde regresa a preparar el desayuno para su esposo que es a la vez su entrenador, Raúl Lanza, como también para sus pequeños hijos, José Raúl (8) Nidia

Gabriela (6) y Gina Fabiola (3)

Actualmente entrena a niños de seis a doce años en la colonia Las Palmas, en San Pedro Sula, labor que desempeña de las nueve a las once de la mañana, en las especialidades de velocidad, salto, relevos y lanzamientos, para luego regresar a su hogar y atender a sus seres más queridos.

Gina Coello es una verdadera representante del deporte femenino hondureño como también la máxima expresión de la esencia del atletismo, como es la maratón, convirtiéndose en la mejor maratonista de Centro América, demostrado en su prueba de tres horas con tres minutos y cero segundos que logró en los IV Juegos Deportivos Centroamericanos.

Como mujer, formada con principios cristianos, esta en contra del aborto, porque es la negación de los preceptos católicos y considera que una criatura desde que empieza a gestarse es un ser que tiene derecho a la vida y nadie se la debe quitar solamente el Supremo Hacedor del Universo.

Como toda atleta siempre tiene una anécdota que contar, en cierta oportunidad cuando estaba realizando sus entrenamientos, un ratero le arrancó del cuello su cadena de oro y se largó en vertiginosa carrera, sin contar con la fuerza física de la atleta que al final lo alcanzó y medio ahogado le regresó la prenda, quedando intensamente pálido ante la presencia de la atleta, que no mostraba cansancio alguno.

Gina Coello es una verdadera exponente de la mujer en el deporte con actuaciones distinguidas, no sólo en las pistas nacionales sino también internacionales. Este día consagrado a la mujer hondureña recibirá congratulaciones de sus admiradores como también vastagos

ENVIRONMENT

February 10, 1990/ 21

Tegucigalpa This Week

Removal Of Wildlife From Honduras Banned

The national government has issued a ban on exporting all species of mammals, birds and reptiles found in Honduras, in a effort to conserve the nation's wildlife.

A presidential decree declares that the state is responsible for overseeing the protection, conservation and preservation of the country's natural resources and regulating their use, and that animal species, especially those subject to commercialization, are forbidden from export.

The document says technical studies will be conducted to determine the current situation of Honduran wildlife populations; their reproduction in captivity; and the loss, capture and commercialization nationally and internationally of all species of mammals, birds and reptiles, including the disturbance of their nests or lairs.

It also states that persons involved in commercializing such species must permit officials of the Department of Renewable Natural Resources (RENARE) of the Ministry of Natural Resources to inventory the animals in their possession.

The decree says permits previously issued for the capture, purchase, sale or any other use of such species are invalid.

The document charges RENARE with ensuring compliance with the new regulations.

President Rafael Leonardo Callejas, a former minister of natural resources, commented after issuing the document that the destruction of Honduran wildlife by means of exportation, in many cases illegal, destroys the national patrimony and the inheritance of future generations.

From El Tiempo de Honduras, Sept. 16, 1989

¿Quién es patriota?

Entre los nacidos en Honduras hay dos clases de personas, los que son patriotas y los que no lo son. Sencillamente.

Los que trabajan con denuedo por engrandecer esta tierra bendita, bien sea con su labor física o intelectual; por elevarla a los más altos planos de la dignidad, por rescatar lo que queda de ella venciendo obstáculos naturales y artificiales. Tan nobles son algunos que hasta han ofrendado lo más valioso de ellos: Sus vidas.

De otro lado están aquellos que parecen haber nacido en otra tierra. Aquellos que nacieron para perjudicarla robando sus vastos (pero limitados) recursos, maltratando su pueblo, ofendiendo su dignidad... ¡Avergonzándola! Los malos partos de la patria nuestra.

Hay algunos patriotas (en todo su sentido semántico) que desde fuera trabajan por engrandecer a Honduras; que en forma silenciosa reconstruyen la patria devolviendo los recursos (dólares) que otros (aquellos que quebraron la CONADI, por ejemplo, que nadie se atreve a investigar y que han metido al país en la interminable pesadilla de la DEUDA EXTERNA) han sacado del territorio para depositarlos en bancos extranjeros. Estos

hondureños que por necesidad trabajan en otra tierra y que algunos con gesto peyorativo les dicen "Mojados", han sufrido lo indecible: Cárcel, robo, persecución. Estos compatriotas se llenan de alegría con las escasas alegrías de Honduras, lloran cuando ella sufre, recuerdan y celebran todas sus fiestas y sueñan con volver al país aquel día en que se abran suficientes oportunidades de empleo con salarios dignos; en ese día su esfuerzo productivo será sólo para Honduras: La única tierra que lo merece. Me refiero a aquel día en que los empleos sean del que tiene los méritos y calificaciones no del que grita más en los festivales electoreros.

Considero que es tiempo para "pensar", pero no estoy emulando el cínico estribillo de algunos que también dicen lo mismo y en el momento menos esperado aparecen diciendo, decididamente, que nuestra Constitución se puede violar cuantas veces sea necesario, ¡NO!

¡En verdad es tiempo para pensar sinceramente en Honduras!

JORGE SALANDIA
Las Cruces, New Mexico

As Intelligence

TUESDAY MARCH 13, 1990

Honduran Visits Wheeling

Educator Is Exploring Modern Schooling

By GEORGE BELANUS
The Intelligence Staff
an effort to explore the
scope of higher education in
America and to apply the role of
modern university to an under-
developed country, a top Hondo-
educator is visiting institu-
s in the U.S., and made a stop
Wheeling Jesuit College
day.

Alemania Zaldívar de Farach,
ector of the division of higher
cation at the National Autono-
s University of Honduras,
aded Wheeling Jesuit College
part of her tour of American
ges and universities.

was of interest to her at
aking Jesuit College included
Adult and Continuing Educa-
-operation, along with Enroll-
-Management and College
-ing, and a look at a cell and
-cular biology class.

asking through an inter-
-ar, Farach said that her visit
-merica was arranged by the
-Information Agency.

The first place I visited was
-ington, D.C., where I had the
-rtunity to visit the main effi-
- in charge of education, both
-ral as well as professional
-cations," she said.

That was to get a general idea
-e organization of higher edu-
-on in the United States," she

mits to various universities
-colleges followed, she said,
- an eye toward finding out
- of the specifics of higher
-cation in this country.

I visited the University of
-yland where the highlight of
-visit was the extension ser-
-s they have there," Farach
-l. "I also went to the Univer-
-of Texas at Austin, where I
-able to see the preparation of
-curriculum."

her stops Farach made
-uded the University of Califor-
-at Berkeley, Stanford Univer-
-and San Francisco State Col-
-l, which gave her a comparison
- state college, private sector
-ge and a research college, she

her that it was off to North

Carolina's "Research Triangle"
for a look at how research is
carried out at American colleges
and universities.

The Research Triangle is
located in the Raleigh-Durham-
Chapel Hill area of North Caro-
lina, and is a center for high
technology research and develop-
ment.

Duke University and the Univer-
sity of North Carolina were on
Farach's itinerary there.

Farach is director of the Divi-
sion of Higher Education at the
National Autonomous University
of Honduras in the capital city of
Tegucigalpa.

She is also a professor at that
university's department of micro-
biology.

During her trip she is studying
how curriculum reforms are
developed; how education can
reinforce or develop a sense of
citizenship; how universities inte-
grate themselves into the local
community; business-university
partnerships; how community col-
leges provide technical training;
and other areas of education in the
United States.



Alemania Zaldívar de Farach, director of the division of higher education at the National Autonomous University of Honduras, visited Wheeling Jesuit College as part of her tour of American colleges and universities. George Belanus/The Intelligence

LAS BODAS DE MARIA CRISISTINA

(2 de Parte)

From La Tribuna Feb. 3, 1990



WILL NEWSLETTER

USAID/HONDURAS

DECEMBER 1989, No. 2

USAID/HONDURAS FOLLOW-UP/FOLLOW-ON

It is A.I.D.'s Policy to provide general follow up activities designed to assist all Returned Participants to utilize, reinforce, extend, and transmit to others, the technical and managerial knowledge acquired during their training, and to promote friendship and understanding between Honduras and the U.S.A.

Rather than simply a monitoring exercise, follow-up/follow-on activities are a form of continuing education to further the technical and non-technical objectives of all A.I.D. sponsored participant training. Consequently, follow-up/follow-on is not just a tracking system or an occasional mailing or social gathering. It is something more that will attempt to maintain the interest and commitment of Returned Participants. Follow-up/follow-on activities adjusted to local circumstances, are an essential segment of participant training.

USAID/Honduras understands that the selection of a Peace Scholar implies a long-term commitment to that individual, which continues after the U.S. portion of the training has ended. We feel that follow-up/follow-on activities are important if we are to realize the full social, economic and political benefits of the participant training program.

212

Poeta y Mendigo

por Aracely Galo

Los dos ante la senda del destino
Los dos ante el sentido cotidiano:
Yo con el hambre de mi pan divino,
Tú, con el hambre de tu pan humano.

Dios nos une en la margen del camino,
Y nos da el dolor hondo liviano,

A mi la espera en lumbre de Aladino
A ti el derecho de tender la mano.

Pasa y nos deja una imprevista gracia
A veces alguna alma peregrina,
Más el hambre en los dos nunca se sacia...

Seguimos esperando en el sendero:
Tú que brille en tu mano una esterlina,
Yo que baje a mi vida algún lucero.

Este Volver a Honduras

por Aracely Galo

Parece que no habrá nada más tierno que este volver a Honduras
Llegar con el amor iluminado por un tiempo de distancia
Decir ésta es la tierra, éste es el aire y éste es el Río de Cuento
Recuperar las voces salpicadas de risas familiares.

Porque volver a Honduras es ir de madrugada por los pinares
Parece que tendrá mucho de triste nuestro volver a Honduras:
Hallar en el calendario no era broma leyendo algunos rostros
Saber que algo no vuelve en estas naves aunque el viajero vuelva

Parece que también será de lágrima ese volver a Honduras:
Preguntar por amigos que no esperaron
El horror de buscar en una tarde de cal y de cípreces unos hombres
Que yacen en el sepulcro de un frío cementerio.

Más allá de las nieves absolutas de selvas y de mares
Decir ésta es la tierra nuestra, la amorosa que espera a sus hijos
Todo será feliz y doloroso será trémulo y tierno
Porque el volver a Honduras parece que es retornar el canto.



Talento Desperdiciado

por Jorge Salandía

Abundan los poetas en mi tierra.
Algunos escriben inquestionables
realidades con frases bien rebuscadas.
Otros, en cambio, solo
intrascendencias que no hay mérito en
mencionar.
Yo me pregunto, en que abona esto a la
causa de Honduras?
Poetas que se pierden en el juego de las
palabras y los laberintos del lenguaje.
Poetas que sólo son poetas para unos
pocos.
De que nos sirven esos poetas si el
pueblo no les conoce el arte que
profesan, la conciencia que anuncian
tener ni los mensajes que suponen
transmitir.
Honduras reclama poetas, ciertamente,
pero no de esos que solo sorprenden a
los escasos círculos intelectuales
cuando estremecen el idioma.
Tampoco de esos que acariciando un
falso argot de combatividad hacen
protesta que nunca llega a oídos del
pueblo para despertarlo.
Y qué de los que se pierden en las
fascinaciones del romanticismo vacío,
extendiendo el amor sólo al concepto
de hombre, mujer, y sexo. Que triste
equivocación!
De esos no.
Mi esperanza es que quizás algún día,
después de tanto desperdiciar el
talento sin buen suceso, llegue la
reflexión que haga aterrizar a nuestros
poetas y les recuerde que escriben para
un pueblo tercermundista.
Al menos por hoy!

Extraño Sentimiento

por Jorge Salandía

Apenas tres meses sin verte
y me parecen tres años
apenas una semana sin recibir carta tuya
y me parecen tres meses...
Qué extraño sentimiento me abate?
Qué me hace necesitar tanto de ti?
Eres solo mi amiga
pero tus mensajes me estremecen...
me inspiran
tus palabras me hacen ver un mundo diferente
con renovada apreciación
Qué tienen tus palabras? Qué tienen tus
mensajes?
En qué piensas cuando escribes?
Dime!
Dependo tanto de ti ahora.
Pero eres tan sólo mi amiga!

En las noches cuando pienso, te pienso.
En las mismas noches cuando sueño, te sueño.
Cómo haces para entrar en mis cosas?
Cuál es tu poder?
Cuéntame!
Es tan agradable tenerte conmigo.
Pero si eres sólo mi amiga!
Si escribo un pensamiento, un verso o un
poema,
es dedicado a ti..
porque sólo a ti y nadie más?
Siento que sólo tu sacas lo que tengo dentro
que sólo tú me motivas.
Pero si tú eres sólo mi amiga!

Qué raro...qué extraña cosa!
Déjame sinceramente y
no te vayas a sorprender
ni a dejar de ser mi amiga
si no esperabas esto de mí..
podría dejar de existir
pero creo que te amo
que siempre te he amado!!!

Academy for Educational Development
CAPS/ Honduras
1255 23rd St, NW Suite 400
Washington, DC 20037

The Center for Applied Linguistics is conducting a survey to help improve future CAPS programs. Soon you will be receiving a questionnaire, either in the mail or from one of the other CAPS students at your academic institution. Please fill out the questionnaire very carefully and return it to AED. The survey will be anonymous so please be as honest as you can.

Para los estudiantes que necesitan renovar el permiso de trabajo en Honduras, favor de ponerse en contacto con Doña Bessy al menos tres meses antes de que se venza el permiso.

Announcement from Ana Urquia:

I have an extra, new folk dress. If some of the ladies of the program are interested in buying it, I will be glad to sell it. The cost in Honduras was L.250.00 (Two hundred and fifty lempiras), plus shipping to the U.S. cost \$25.00. I am selling it for \$75.00. If you have any questions, please write or call me at (919)333-2450; 832 Homeland Avenue; Greensboro, N.C. 27405

The Vínculo Hondureño-Americano announces a CAPS/Honduras PHOTO CONTEST for the scholars. We are seeking the picture that best represents your experience here in the United States. The winner will be chosen by a panel and announced in the September 1990 Vínculo Hondureño-Americano.

The rules for the contest are as follows:

- 1. All entries must be at AED by July 30, 1990.**
- 2. Only one entry per person.**
- 3. Your name must be written on the back of the picture that you are submitting.**
- 4. The photo must either include you or have been taken by you.**
- 5. The photo must be an original. (Not a photocopy or from a newspaper, etc.)**

GOOD LUCK and BUENA SUERTE!!!

VIII. Departure Information for Students

Academy for Educational Development

AED

Dear CAPS/Honduras Scholar,

I hope all is going well with your final academic session(s). According to our records you will finish your scholarship program in December, 1989. If your completion date does not coincide with our records, please contact your Program Specialist **immediately**.

After you complete your program, AED may ask that you attend a two-day Departure Seminar before returning home. We will inform you if we have enough participants to organize a seminar. It is important for us to know your university's last date for final exams in order to plan appropriate dates for the seminar. The Departure Seminar will include your evaluation of the CAPS program and sessions focusing on your personal and professional transition to Honduras.

Before you leave campus, there are several things you must do:

- 1) Please send me your departure logistics form no later than **September 20, 1989**.
- 2) You will need to send an **authenticated official transcript** and **degree certificate (diploma)** to our office in Washington. We will send you additional information regarding this process in the November mailing.
- 3) Dona Bessy will assist you by making informational contacts for possible employment opportunities when you return to Honduras. In order to do this, we need to send her your resume by mid-October. Please read the enclosed information on writing a resume and review the sample resumes I have included. Also, most universities and colleges have a Career Center or an office on campus that offers free workshops, seminars, and counseling sessions on designing resumes. **You should investigate the services that your school provides and take advantage of them.**
- 4) Please prepare a **narrative evaluation of the CAPS program** from your perspective. This can be written in either English or Spanish. The purpose of this narrative essay is to give you an opportunity to write about the CAPS program. Some questions you might consider are the following: "What do you think were the most important aspects of the program?"; "What did you gain from the program?"; and "What are your impressions of the United States?". **Please send this essay to your Program Specialist one month (November 20, 1989) before your scholarship ends.**

- 5) You will receive a **shipping allowance of \$120** in your final maintenance check to send books and/or other items to Honduras. We will also send you some related shipping information. The airlines will only let you travel with two bags and one carry-on bag. **Scholars who have travelled with a lot of baggage have found it to be very costly. Remember, any additional taxi fares, transportation costs, and tips are the scholars' responsibility.** Please see enclosed story.
- 6) Remember to take a **university catalogue** from the year in which you began your studies back with you to Honduras. UNAH will need the catalog for the authentication of your documents.
- 7) A **grade release form**, previously mailed to you, must be on file here at AED. If you have never sent us this form, please send it with the other information we have requested. (I have enclosed an extra form)
- 8) If you would like to receive a **professional journal** or become a member of a professional society, please fill out the attached form and return it to us at AED/Washington **with the journal or society's application form.**

We wish you the best of luck with the completion of your program, and look forward to seeing you soon. If you have any questions on the above or just in general, please let me know.

Sincerely,

Vicki Garcia
Administrative Secretary
CAPS/Honduras Project

encl: Departure Logistics form, Professional Membership form, Grade Release form, resume writing information, (The Student Who Paid Dollars Instead of Attention)

Academy for Educational Development

AED

Departure Logistics

We expect that all CAPS/Honduras scholars will attend the Departure Seminar. Please contact your Program Specialist to discuss any special or personal circumstances.

NAME _____

University/City _____

Last day of final examinations: _____

Graduation date: _____

Travel PREFERENCES:

1.) Travel to Departure Seminar

From _____ (U.S. city/airport)

Date _____

2.) Travel to Honduras

Arrive in Tegucigalpa ___ or San Pedro Sula ___

Date _____

If applicable:

My family will/will not be accompanying me to the departure seminar.

Please remember that you are responsible for all family travel expenses.

AED will make hotel and airline reservations for family members attending the seminar, but only with advance notice.

Forwarding address in Honduras:

Special Considerations:

1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900
Telex 197601 ACADED WSH

CENTRAL AMERICA PEACE SCHOLARSHIP PROJECT
HONDURAS

Agency for
International
Development

Washington, D.C.



Academy for
Educational
Development



GRADE RELEASE FORM

Central America Peace Scholarship Project

I, _____, authorize the release of my grades
from _____ for the duration of my academic program, to the
Academy for Educational Development, Central America Peace Scholarship Project.

signed: _____

date: _____

1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900
Telex: 197601 ACADED WSH
AED/CAPS, APDO #389
Comayagüela-Honduras
Tel. 22-7977

220



GEORGETOWN UNIVERSITY

Career Center

RESUMES

This handout has been prepared to assist you in writing your resume. It is intended for use by college students and recent graduates as an addition to the Resume Writing Workshop and therefore will not attempt to cover in depth all areas of resume preparation. There are numerous books available in the Career Library on the topic of resume writing as well as an audio-taped version of the workshop.

PURPOSE OF A RESUME

The primary purpose of a resume is to help you obtain an interview. Remember this point as you write your draft. What is there about you, your educational background, extra-curricular activities, paid or volunteer work experience that would attract the attention of a potential employer? How can you effectively describe these experiences to convince this employer that you should be interviewed?

THE JOB OBJECTIVE

An effective resume is usually designed with a specific employment objective or position in mind. If you have several career objectives, give careful consideration to tailoring a resume to each objective. A clear objective indicates that you have thought about your career goals. A sample format for an objective is as follows:

Position in (type of organization) where (skills you are offering) and (knowledge of/concern for/experience in) can be utilized to (purpose of the job or organization).

POOR OBJECTIVE ... (emphasizes interests only; evasive).

Challenging and intellectually stimulating position offering growth potential.

POOR OBJECTIVE ... (too many objectives; objective too diverse).

Position as researcher, writer or administrative assistant within government agency, international organization or on Capitol Hill.

GOOD OBJECTIVE ...

Position in marketing/sales division of a large corporation where skills in organization, analysis, management and human relations combined with an avid interest in business may be applied to further the corporation's sales activity.

GOOD OBJECTIVE ...

Position with a government agency in the field of east-west trade, requiring a broad international background, multilingual competency and interpersonal skills.

Although stating your career objective is optimal, it is possible to write a good resume without an objective. It is certainly better to omit the objective than to make a statement that is vague and indicative of a lack of direction. If omitted, however, the objective must be clearly stated in your cover letter.

EDUCATION

The education section of your resume usually follows the objective, especially if you are still in school or are a recent graduate. List the institutions you have attended; include their locations, dates of graduation or inclusive dates of attendance, major and minor, if relevant.

Special honors, grade point average and foreign language facility are sometimes included in this section. However, you may decide that this information is better explained in a different section.

EXPERIENCE...OR QUALIFYING ABILITIES...OR SKILLS AND ABILITIES...OR EMPLOYMENT

Resume formats are usually similar to this point. It is under the experience section that people follow different formats according to what best conveys their potential to do the job. Remember that employers are interested in what functions you can perform for them; and, therefore are generally interested in what you have done or can do. Abilities are transferable from one job to another and employable "skills" are developed in a variety of settings, no matter what the job title or subject matter. You need not, therefore, limit yourself to describing paid work experience. Include extra-curricular activities and/or volunteer experiences if they demonstrate your potential to do the job for which you are applying.

There are three basic formats or ways to organize your experiences. Samples of each style have been provided. Remember that these are only examples. The resume reflects your individuality.

Chronological: experience listed in reverse chronological order.
See sample resume #1.

Functional: "Skills" approach to resume writing; emphasis is on what abilities you have to offer. See sample resume #2.

Hybrid: combination of chronological and functional formats.
See sample resume #3.

PERSONAL DATA

This is an optional category. Consider whether or not this information will contribute to or detract from your resume. Include facts that may relate to your qualifications for the job. Items such as date of birth, marital status, height and weight are generally not necessary. Never use any information that could be used to screen you out. Only include information that might help you.

TIPS

Approach:

Be 100% honest. You must be able to support in an interview what you have included on the resume.

Keep everything positive.

Emphasize what you are offering to an employer, not just what you want.

Expression:

Begin each statement with a strong and active verb. Quantify and qualify your statements objectively. Use phrases, not prose.

Take grammatical shortcuts when writing the resume, but explain abbreviations which might be unknown to the reader.

Correct your spelling and punctuation. Have an objective person proofread your resume;

Appearance:

Have your resume copied on standard 8½" x 11" paper. Copies should be high quality on white or neutral colored paper.

Make your resume easily readable; uncrowded; wide margins; adequate spacing; using "bullets" or dashes to enumerate may help. Use capitalization and/or underlining to emphasize important words or phrases. A resume should be able to be skimmed - much like a newspaper.

Updating:

Revise your resume whenever necessary. Even slightly outdated resumes can create problems.

After you obtain a job, keep a file of your accomplishments, job descriptions, old resumes, etc. that might aid in updating your resume;

Organization:

There is no one correct format: try all three styles to see which best presents your qualifications.

Keep your resume to one page if possible. Keep clear and concise while including all important experiences and accomplishments.

KEY WORDS FOR RESUME PREPARATION

Begin each statement with an active verb which explicitly describes the function you performed. Sample job description follows:

POOR DESCRIPTION: ... (scant information, What did person do?)

University of Wisconsin Housing Department

Assistant Head Resident and Resident Assistant for two years.

GOOD DESCRIPTION: ... (tells what person did and therefore is capable of doing again in a new setting)

Georgetown University Housing Department

Assistant Head Resident and Resident Assistant for two years.

Counseled residents; organized more than 10 educational programs conducted in residence hall; responded to emergencies. Assumed sole responsibility for 600 person residence hall every third weekend throughout the school year.

Work averaged 30+ hours per week while full-time student.

Adjectives and adverbs may be used to quantify or qualify statements about your experiences. They are not effective standing on their own. For example, "energetic and industrious person" does not convey meaningful information. Document your statements by illustrating how the characteristics are demonstrated through your past experience. For example, "Demonstrated industriousness through working 30 hours per week while attending school full-time."

(RWW/HO)

223

"Through methodical research, accumulated over 6,000 notecards for master's thesis" ... or "Utilized communication skills, in the diplomatic resolution of cultural differences."

Adjectives may also be used to enhance the explanation of an activity. For example, "Worked closely with customers, staff, and supervisor to develop ongoing cooperative relationships."

If used appropriately, adjectives and adverbs clarify items on a resume; used inappropriately, statements may appear to be claims without support or evidence.

Sample Adjectives and Adverbs

adaptable	competent	industrious	patient
accurate	consistent	independent	painstaking
analytical	discreet	logical	quick
cooperative	determined	motivated	rational
capable	efficient	methodical	resourceful
conscientious	energetic	meticulous	reliable
confident	firm	organized	responsible
clear-thinking	flexible	open-minded	
competitive	intelligent	precise	

Sample Action Verbs

adapt	control	explain	observe	repair
administer	coordinate	generate	operate	represent
advise	correspond	identify	organize	research
analyze	counsel	imagine	originate	revamp
anticipate	create	implement	participate	review
appoint	critique	improve	perform	schedule
approve	decide	increase	persuade	sell
appraise	delegate	influence	pinpoint	serve
arrange	demonstrate	initiate	plan	set up
assemble	design	inspire	predict	sketch
audit	develop	interpret	prepare	solve
budget	direct	interview	print	speak
calculate	dispense	investigate	process	strategy
choose	display	launch	promote	streamline
circulate	distribute	lead	propose	structure
classify	edit	lecture	protect	supervise
coach	eliminate	listen	prove	support
compile	entertain	locate	provide	talk
complete	establish	maintain	question	translate
compose	estimate	manage	recommend	update
conceive	evaluate	match	record	write
conduct	examine	measure	recruit	
confront	exhibit	mediate	refer	
construct	expand	monitor	reinforce	
contract	expedite	motivate	reorganize	

PUTTING IT ALL TOGETHER

You are now ready to prepare your rough draft. It is critical to realize that your resume must point toward a direction -- your objective (whether actually appearing on the resume or not). You may want to list those experiences and elements of your background which illustrate your abilities, knowledge and qualities that are necessary to perform within your objective. Then, you could refer to this list for inclusion in your resume.

THE COVER LETTER AND USE OF YOUR RESUME

You should seek every opportunity to convey your interest and qualifications to the prospective employer in person. This is more effective than a paper presentation (no matter how well prepared). It avoids the possibility of a prospective employer using your resume to arbitrarily screen you out before you have a chance to present your case in person.

If a personal contact is not possible either because the employer insists on seeing your resume before agreeing to arrange an interview, or because you plan to use the method of mass mailing your resume to obtain interviews, then your cover letter becomes all-important. If you take a routine approach to writing your cover letter, then you will probably be a victim of the routine way most employers file it- in the waste basket. Write a letter that commands attention. Here are several basic rules regarding cover letters:

1. Determine the organizations that utilize staff with your career objective. Keep in mind that mass mailing of resumes is not one of the more effective job search techniques. (Studies show that you receive an average of one interview for every 245 resumes sent out.)
2. Address all letters to a particular person by name and title; preferably to the person in charge of the areas/division/project on which you wish to work.
3. Type each letter individually using a standard business format.
4. Keep your letter to one page in most cases.
5. Save copies of your letters. A similar format can be used again.
6. Each letter should address the following five points:
 - a. Why you are sending your resume: to apply for an advertised position; to inquire about opportunities, etc. Address the type of position you are seeking and/or skills you hope to use.
 - b. Why you are interested in that particular position.
 - c. Why you are qualified. Point to areas in your education, experiences, perhaps personality that demonstrate your appropriateness for the job. Here is your opportunity to emphasize the transferability of your skills. Make the connection between how what you have done in the past relates to what you could do for them in the future.
 - d. Why you are interested in that particular company organization.
 - e. Close by requesting an interview.

John Smith

Local Address:
3714 O St., N.W.
Washington, D.C. 20036
(202) 635-5623

Permanent Address:
100 Main St.
Anytown, Ohio 45910
(419) 222-5544

Objective

Management trainee in international organization, where foreign service education coupled with business experience and skills in writing and analysis, organization of data, and human relations can be contributed.

Education Georgetown University, School of Foreign Service
Bachelor of Science in Foreign Service, May 1982
International Politics concentration
G.P.A. 3.5; ranked top 15% of class
courses included: international relations, human rights and
diplomacy, international business administration
senior comprehensive paper: "Effect of Mass Media on Foreign
Policy Changes during the 1960's"

Experience Student Assistant to Dean Peter Krogh, School of Foreign Service
Provided general office assistance, including responding to mail,
preparing background reports for Dean's speeches, and compiling
several portions of annual Dean's report. 1981-1982

Delegate to Student Conference of United States Affairs
Responsible for analyzing U.S. posture toward Latin America in
this model assembly. Prepared final report for the group. Initially
chosen on basis of writing sample. 1981

Data Assembly Technician, Management Associates
Independently assembled computer data for software consulting firm
for contract on employee absentee rates. Required to learn basic
data entry techniques as well as data analyzing from survey responses.
Summer 1981

Intern, C&P Telephone Company
Worked closely with Executive Assistant in the Office of Division
Manager. Spent most time researching and learning executive structure
of the company and observing interaction with business community
of the geographic region. 1980-1981

Customer Service Representative, New York Telephone Company
Worked on team project to facilitate switching from antiquated
equipment to new instruments in large residential area. Required
extreme attention to detail. Also learned general bookkeeping
techniques. Summer 1980

Activities Volunteer, Spring Break in Appalachia
Joined group of fellow students and faculty for week-long program
in rural Kentucky. Worked on local renovation projects and learned
of other ways of life. 1980

References Available upon request

Sample Resume #1 - Chronological

John Smith

Local Address:
3714 O St., N.W.
Washington, D.C. 20036
(202) 635-5623

Permanent Address:
100 Main St.
Anytown, Ohio 45910
(419) 222-5544

CAREER OBJECTIVE

Management trainee position in an international organization or corporation in which I may utilize my foreign service education, while building upon my business experience and my abilities in writing and analysis, the organization of data, and human relations.

EDUCATION

GEORGETOWN UNIVERSITY, May 1982. Edmund A. Walsh School of Foreign Service. Division of Concentration: International Politics. Grade Point Average: 3.5. Dean's List and Second Honors Awards. Ranked in top 15% of class.

QUALIFYING ABILITIES

WRITING/ANALYSIS

-Selected as delegate representing Georgetown University at nation-wide STUDENT CONFERENCE ON UNITED STATES AFFAIRS, to be held at West Point from Nov. 18-21. Chosen on basis of academic average and quality of writing sample submitted. Member of Latin American delegation. Responsible for analyzing United States' posture towards Latin America, with proposals for change and final report to be issued by group.

ORGANIZATIONAL SKILLS

-Acquired thorough knowledge of inner administrative procedures of the SCHOOL OF FOREIGN SERVICE, from academic to financial aspects, as Student Assistant. Processed substantial amounts of correspondence. Compiled several portions of annual Dean's Report.

-Ability to accomplish projects through own initiative illustrated through independent assembly of computer data for Manhattan-based software firm. Attention to detail, accuracy in compilation of data crucial as means of reflecting employee absentee rates.

HUMAN RELATIONS

-Cultivated ability to work under pressure in conjunction with others on group project for telephone company. Purpose of project to facilitate equipment transfer of large residential area. Attention to detail essential in assuring accurate, simultaneous change-over from obsolete to innovative equipment. Developed book-keeping capabilities.

-Traveled as member of university organization, to work on tobacco farm in rural Kentucky. Acquired knowledge of different ways of life by working on group renovation projects with other Georgetown students and local people.

REFERENCES

Available upon request.

Sample Resume #2 - Functional

John Smith

Local Address:
3714 O St., N.W.
Washington, D.C. 20036
(202) 635-5623

Permanent Address:
100 Main St.
Anytown, Ohio 45910
(419) 222-5544

3714 "O" St., N.W.
Washington, D.C. 20036
January 1, 198_

QUALIFYING ABILITIES

International Understanding

As a concentrator in International politics, studied international relations, human rights and diplomacy, U.S. foreign policy, and international business administration.

Prepared senior comprehensive paper on the "Effect of Mass Media on Foreign Policy Changes during the 1960's." Received outstanding comments on this 60 page research paper.

Writing/Analysis

Selected as delegate representing Georgetown University at nation-wide Student Conference on United States Affairs. Chosen on the basis of academic ability and quality of writing sample submitted. Responsible for analyzing U.S. posture towards Latin America, with proposals for change and wrote final report of the group.

Organizational Skills

Acquired thorough knowledge of administrative procedures of the School of Foreign Service, including academic and fiscal aspects, as Student Assistant. Processed substantial amounts of correspondence. Compiled several portions of the annual Dean's report.

Ability to accomplish projects through own initiative illustrated through independent assembly of computer data for software consulting firm. Attention to detail. Accuracy in compilation of data was crucial as means of reflecting accurately employee absentee data.

Human Relations

Cultivated ability to work under pressure in conjunction with others on group project for telephone company. Project was to facilitate equipment transfer for large residential area. Attention to detail essential in assuring accurate, simultaneous change-over from obsolete to innovative equipment. Also developed bookkeeping skills.

Traveled as member of University group to work on farm in rural Kentucky. Acquired knowledge of different ways of life by working on group renovation projects with other students and local residents.

OVERVIEW OF EXPERIENCE

Georgetown University, School of Foreign Service, Bachelor of Science in Foreign Service, 1982
International Politics Concentration
G.P.A. 3.5; Ranked in top 15% of class.

Delegate to Student Conference on U.S. Affairs, West Point, NY, 1981
Student Assistant to Dean Krogh, School of Foreign Service 1981-1982
Data Assembly Technician, Management Associates, New York, Summer 1981
Intern, Office of Division Manager, New York Telephone Co., 1980-1981
Customer Service Representative, New York Telephone, Co., Summer 1980
Volunteer, Spring Break in Appalachia, 1980

References: Available upon request

Sample Resume #3 - Hybrid

Ms. Mary French
International Visitors Information Service
801 19th St., N.W.
Washington, D.C. 20006

Dear Ms. French:

Your recent ad in the Washington Post suggests that you need someone with a background in international affairs and administrative experience for the position as Coordinator of Volunteer Services. I believe that my educational background and work experience would contribute significantly to your organization.

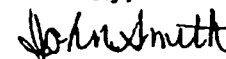
Through my education at Georgetown University I acquired a strong background in international affairs and developed proficiency in both the French and Spanish languages.

As student assistant to the Dean of the School of Foreign Service and as a technician for Management Associates, I learned how to organize data, work with people from a variety backgrounds, and evaluate research results. Having been a volunteer for the Spring Break in Appalachia Program I know first-hand what are the needs and motivations of volunteers, and what organizing such a group entails.

I want to work for International Visitors Information Services in particular because I believe the programs which it promotes make an extremely important contribution toward the attainment of international understanding. The abilities and knowledge which I have to offer, I feel, make me a strong candidate for the position.

I will be contacting you within the next two weeks so that we may establish a time to discuss my credentials in further detail.

Sincerely,


John Smith

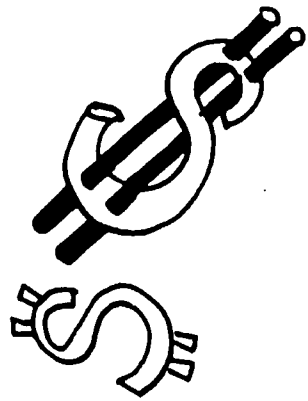
SOME SKILLS AND ABILITIES

Establishing effective priorities
Designing events/ publications/structures
Information processing
Recordkeeping
Recruiting talent
Arbitrating/mediating
Showmanship
Public speaking
Motivating others
Lecturing
Musical talent
Athletic ability
Developing rapport
Motor/physical coordination and agility
High tolerance for repetition
Inspiring trust
Organizing time
Self-directing
Implementing decisions
Leadership
Working well under stress
Risk-taking
Policy making
Chairing meetings
Directing creative talent
Project designing/programming
Organizing people
Filing
Fundraising
Developing ideas/programs
Performing
Adept at precision work
Rapid manipulation of numbers
Financial planning and management
Culinary talent
Developing a budget
Making and using contacts effectively
Keen memory for detail
Administering budget
Poise in public appearances
Classifying and organizing data
Following detailed instructions
Sophisticated mathematical abilities
Decision-making
Applying what others have done
Adept at conflict management
Ability to handle great variety of tasks
simultaneously and efficiently
Ability to move into totally new situations
on one's own
Promoting, planning and implementing change
Briefing
Data Processing

Adept at confronting others with
touchy personal matters
Organizing data
Prioritizing tasks
Constructing
Influencing/persuading
Debating
Crisis intervention
Selling
Retrieving data
Modelling
Interviewing
Landscaping
Traveling
Follow-through
Systematic goal setting
Standard setting
Policy interpreting
Team-building
Analyzing quantitative data
Coordinating operations/details/
and administrative tasks
Composing
Inventing
Proofreading
Researching data
Synthesizing data
Problem solving
Public relations
Informing
Sensitivity to others
Coaching
Detective skills
Fostering a stimulating learning
environment
Delegating responsibility
Training
Working with abstract concepts
Mentoring
Scheduling
Trouble shooting
Researching
Supervising
Financial investment planning and
decision-making
Foreign language skills
Arranging social events
Helping and serving others
Summarizing
Scientific investigating
Rapport building
Speech writing
Recognizing and using skills of others
Conveying enthusiasm

Creating visual displays
Imaginative publicizing
Abstracting information
Negotiating
Business correspondence
Interior decorating
Managing people/programs
Advising
Writing, creative/concise/humorous/organized
Interpersonal relations
Nursing
Diplomacy
Ombudsmanship
Telephoning
Accounting
Liason skills
Conveying understanding/patience/firmness
Reading
Enlightening others
Communicating, oral/visual/written
Thinking quickly
Facilitating personal growth
Empowering others
Explaining concepts
Diagnosing
Entrepreneurial
Directing
Perceiving and defining cause and effect
relationships
Listening intently and accurately
Communicating warmth
Laboratory skills
Aesthetic discrimination
Organizing Programs/conferences
Editing
Scientific writing
Hostessing

Integrating
Visualizing concepts
Photographing
Drawing
Investigating
Information gathering
Executing/following through
Mobilizing resources
Self disciplining
Clerical skills
Articulate
Problem identifying
Ability to achieve substantial
results with limited funds
Information management
Oral communication
Written communication
Design and planning
Research and investigation
Ability to deal with people
Technical expertise
Time management
Counseling
Forecasting
Perceiving needs of others
Illustrating
Observing
Testing
Critiquing
Understanding legal concepts
Teaching
Clarifying goals of others
Group facilitating
Adapting to new environments
Translating
Technical reading and interpreting
Innovating



THE STUDENT WHO PAID DOLLARS INSTEAD OF ATTENTION

This is the story of Jose Fulano, a Honduran student who finished his CAPS/Honduras scholarship program and returned to Honduras.

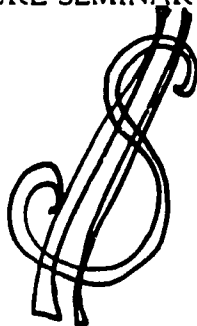
Jose had lots of clothes, books and electrical appliances he wanted to take back with him to his friends and family in Honduras. He knew how difficult it would be to get those things in Honduras, and he wanted to take as much as he possibly could with him. Jose received a shipping allowance from the Academy to send his books, etc., before he came to the Departure seminar. But Jose didn't pay attention to his departure letter -- he decided to bring 2 suitcases (one was 64 inches - width + length + height), one carry-on bag and 3 large boxes with him to the seminar.

First, Jose had to pay \$60.00 for each box when he left Denver because they were not included in the "two suitcases, one carry-on" regulations. He also had to pay an extra \$50.00 because one suitcase was larger than the size limitation for his airline. (His total up to this point is \$230.)

When Jose arrived at National Airport, he had to pay the porter \$2.00/box and \$1.00/bag (\$9.00) because he couldn't manage everything himself. Because he had brought so many extra boxes, he had to take a taxi (station-wagon) to his hotel, which cost him \$25.00. At the hotel he had to pay the bellman \$2.00/box and \$1.00/bag to help him take all his luggage to his room. When it was time to return to the airport, Jose had to pay another \$25.00 for a station-wagon taxi. Again the porter helped him with his bags and boxes, for which he had to tip \$9.00. (Now Jose's total cost is \$307.)

At the airport, Jose sent his boxes to Honduras through Eastern Airlines and TACA Airlines, for which he had to pay \$1.33/ pound. His total cost for three boxes weighing 99 lbs., 75 lbs., and 60 lbs. was \$311.22. (Now his total cost is \$618.22).

Jose did not enjoy his Departure Seminar or become involved in many of the aspects of the seminar because he was so worried about his luggage. HE ALSO SPENT A LOT OF MONEY HE HADN'T EXPECTED TO PAY. PLEASE DON'T LET THIS HAPPEN TO YOU! COMPARE COSTS ANDS OPTIONS BEFORE YOU LEAVE YOUR SITE, NOT ON YOUR WAY TO THE DEPARTURE SEMINAR OR HONDURAS.



Academy for Educational Development

AED

NAME _____

MAJOR _____

NOTE:

If you would like to receive a professional journal or become a member of a professional society, please fill out this form and return it to us at AED/Washington with the journal or society's application form.

Professional Membership Form

The CAPS program provides each scholar the opportunity to choose a membership in a professional society or to subscribe to a professional journal to further their professional knowledge in their field of study. If you are interested in a membership, please fill out this form and attach the application for the membership and fees. Your membership is limited to \$75.00 total for a three-year period.

TITLE OF SUBSCRIPTION

ADDRESS

PRICE PER YEAR

22

Academy for Educational Development

AED

Dear

Your final semester is quickly coming to a close, and I am writing to give you some information regarding your departure home. Due to logistical problems and the small number of students graduating this summer, we will **not** be having an exit seminar in the U.S. In order to help with your re-adjustment, we will send you a re-entry packet with information about what you can expect to experience upon your return.

We will be sending your book shipment allowance and your final maintenance check within the next month(s). Please send your books and possessions to Honduras as soon as possible since it takes time for items to arrive. You will have a limit on the weight and number of items you can take with you on the plane. Even if you are willing to pay a fee for excess baggage, the airline will restrict everyone to two bags per person.

Your final maintenance check will be pro-rated to reflect your departure date. Please plan ahead of time to take care of rent payments, bills, and any other financial obligations that you may owe. Please keep in mind that you are **required** to leave the U.S. **within 30 days** after your last final.

Your departure logistics form was due **May 15, 1990**. If you have not sent the form to our office yet, please do so as soon as possible. We will be holding your maintenance check until you do. I will be making your plane reservations based on the dates which you wrote on the form, so please be sure you write **when and where you must travel**. Your narrative evaluation of the CAPS Program is also due at AED by **June 15, 1990**. Information about the narrative evaluation can be found in the previous departure letter dated January 24, 1990. If AED does not receive this evaluation by June 15, 1990, your final maintenance check will be held.

An important part of the reentry process is the **Exit Interview**. All interviews must be done by telephone with your program specialist in the months of June and July, prior to your departure. Because there is a limited amount of time for the interviews, we are asking students to schedule the interviews. It is your responsibility to **contact your program specialist one month before your end-date**, to schedule a time for your telephone interview. (If you have not made an appointment with your program specialist one month prior to your end-date, your book shipment allowance and ticket/travel funds will be held at our office). This exit interview is an opportunity for you to express your opinions about the CAPS/Honduras project. The interview usually takes from 30-45 minutes.

//s//

1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900
Telex 197601 ACADED WSH
Fax (202) 862-1947

232

Also, please remember the following items:

- If you haven't already, please send us your resume so we can send it to Doña Bessy.
- **AUTHENTICATION of your TRANSCRIPTS and DIPLOMA:** This is a very important procedure because you will need to have your official documents authenticated in order for your degree to be incorporated by UNAH.

1. You need to make arrangements to have your OFFICIAL TRANSCRIPTS and DIPLOMA authenticated by the Secretary of State (in the capital) of the state where your university is located.

Most states require that the documents be notarized, and some states may also require authentication by your university and/or County Clerk's Office at the county seat where your university is located, before the Department of State will authenticate your diploma and transcript. If there is a charge to authenticate the documents, please save all receipts and send them to Rosibel Reyes.

Be sure to have the original diploma and transcript authenticated. The Honduran Embassy will not accept authenticated photocopies of diplomas.

2. After the state authentication, you must also make arrangements to have these AUTHENTICATED transcripts and diploma sent to the Academy.

If you are not sure what the procedure is for your state, you should speak with the Foreign Student Advisor at your academic institution, or call me.

3. Once received by AED, these AUTHENTICATED documents will be further authenticated by the U.S. State Department and by the Honduran Embassy.

4. If you will not receive your diploma and transcript in time to do this before you leave, try to arrange for someone that you trust at your school to help with the authentication (for example, an advisor you were friendly with, or another CAPS scholar who is not graduating). Please be advised that the process is a very long one, and it will take longer if the documents arrive in our office without any notarization or authentications.

5. After the entire process has been completed, we will send the documents to you in Honduras.

•**TAKING DOCUMENTATION WITH YOU:** As the process of authentication is very long, we strongly recommend that you get an official letter on your school letterhead, certifying that you graduated, your degree, and your major. Most schools will be willing to do this if you explain that you need it while your diploma is being authenticated. You may also want to get the letter notarized (by a notary public) before you go. We also recommend that you take another official transcript with you, or arrange to have one sent to you in Honduras.

Thank you for your cooperation. Please call our office if you have any questions.

Sincerely,

Vicki Garcia
Administrative Secretary
CAPS/Honduras Project

733