

# 2011

# Instructions for Form 1040-C



Department of the Treasury  
Internal Revenue Service

## U.S. Departing Alien Income Tax Return

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

## General Instructions

### What's New

Use your 2010 tax return as a guide in figuring your 2011 tax, but be sure to consider the following.

Recent legislation (Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010) extended many of the tax provisions that were set to expire in 2010. This section lists only those provisions that were changed in addition to being extended, as well as those that were not extended. Also listed are tax benefits with adjustments for inflation. For more information, see IRS.gov.

**Temporary decrease in employee's share of payroll tax.** Social security tax will be withheld from an employee's wages at the rate of 4.2% (down from 6.2%) up to the social security wage limit of \$106,800. There will be no change to Medicare withholding. The same reduction applies to net earnings from self-employment—the temporary rate will be 10.4% (down from 12.4%) up to the social security wage limit of \$106,800. The method of figuring "one-half of self-employment tax" for adjusted gross income will change slightly. See Form 1040-ES for more information.

**IRA deduction expanded.** You may be able to take an IRA deduction if you were covered by a retirement plan and your 2011 modified adjusted gross income (MAGI) is less than \$56,000 (\$90,000 if a qualifying widow(er)). If your spouse was covered by a retirement plan, but you were not, you may be able to take an IRA deduction if your 2011 MAGI is less than \$179,000.

**Roth IRAs.** Half of any income that results from a rollover or conversion to a Roth IRA from another retirement plan in 2010 is included in income in 2011, and the other half in 2012, unless you elected to include all of it in 2010.

**Standard mileage rates.** The rate for business use of your vehicle is 51 cents a mile. The rate for use of your vehicle to get medical care or move is 19 cents a mile. The rate of 14 cents a mile for charitable use is unchanged.

**Personal exemption increased.** For tax years beginning in 2011, the personal exemption amount is increased to \$3,700.

**Standard deduction.** If you do not itemize your deductions, you may be able to take the 2011 standard deduction. See page 7 for more information.

**Alternative minimum tax (AMT) exemption amount increased.** The AMT exemption amount is increased to \$48,450 (\$74,450 if married filing jointly or a qualifying widow(er); \$37,225 if married filing separately).

**Qualified charitable distribution (QCD).** Tax-free treatment of distributions from traditional and Roth IRAs for charitable purposes has been extended through December 31, 2011, with the following special rule. For QCDs made during January 2011, you can elect to have the distribution deemed to have been made on December 31, 2010. If you make this election, the QCD will count toward your 2010 exclusion limit of \$100,000, as well as your 2010 minimum required distribution.

**Adoption credit or exclusion.** The maximum adoption credit or exclusion for employer-provided adoption benefits has increased to \$13,360. In order to claim either the credit or exclusion, your MAGI must be less than \$225,210.

**Increase in additional tax on certain distributions not used for qualified medical expenses.** The tax on distributions from health savings accounts (HSAs) and Archer MSAs made after December 31, 2010, that are not used for qualified medical expenses is increased to 20%.

**Nonbusiness energy property credit.** This credit has been extended for 1 year with a reduced rate of 10%. Amounts provided by subsidized federal, state, or local

energy financing do not qualify for the credit. The energy-efficiency standards for qualified natural gas, propane, or oil furnaces, or hot water boilers have been increased. For 2011, the credit is limited as follows.

- A total combined credit limit of \$500 for all tax years after 2005 (Form 5695, Part I).
- A combined credit limit of \$200 for windows for all tax years after 2005.
- A maximum credit for residential energy property costs of \$50 for any advanced main air circulating fan; \$150 for any qualified natural gas, propane, or oil furnace or hot water boiler; and \$300 for any item of energy-efficient building property.

### Expiring Tax Benefits

The following benefits are scheduled to expire or have been repealed and will not be available for 2011.

- Making work pay credit.
- Self-employed health insurance deduction when figuring self-employment tax.
- Computer technology and equipment allowed as qualified higher education expenses for qualified tuition programs (section 529 plans).
- Exemption from alternative minimum tax treatment for certain tax-exempt bonds.
- Advance earned income credit.

### Reminders

**Former U.S. citizens and former U.S. long-term residents.** If you expatriated in 2011, you may be subject to income tax under section 877A on the net unrealized gain on your property as if the property had been sold on the day before your expatriation date. If you are subject to this tax, you are required to file an expatriation statement (Form 8854) with your tax return for the year of expatriation. For more details, see Pub. 519, U.S. Tax Guide for Aliens.

**Repayment of first-time homebuyer credit.** If you claimed the first-time homebuyer credit in 2008 for a home you bought in 2008, you must continue to recapture the credit by including in 2011 as additional tax 1/15 of the credit claimed in 2008. If you claimed the

first-time homebuyer credit on your 2008, 2009, or 2010 income tax return and you sold your home or the home ceased to be your main home in 2011, you must repay the credit by including it as additional tax due on Form 1040-C, line 21. For more information, including exceptions to this repayment requirement, see the 2010 Form 5405.

**Social security or Medicare taxes withheld in error.** If you are a foreign student on an F-1, J-1, M, or Q visa, and social security or Medicare taxes were withheld on your wages in error, you may want to file Form 843, Claim for Refund or Request for Abatement, to request a refund of these taxes. For more information, see *Refund of Taxes Withheld in Error* in chapter 8 of Pub. 519.

## Purpose of Form

Form 1040-C is used by aliens who intend to leave the United States or any of its possessions to:

- Report income received or expected to be received for the entire tax year, and
- Pay the expected tax liability on that income, if they are required to do so.

Form 1040-C must be filed before an alien leaves the United States or any of its possessions. For more information, see *How To Get the Certificate* on page 3.

**TIP** If you are a nonresident alien, use the 2010 Instructions for Form 1040NR, U.S.

*Nonresident Alien Income Tax Return, to help you complete Form 1040-C.*

**TIP** If you are a resident alien, use the 2010 Instructions for Form 1040, U.S. Individual Income Tax Return, to help you complete Form 1040-C.

You can get tax forms, instructions, and publications from the Internal Revenue Service (IRS). See *Additional information* on this page.

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

You are considered a resident alien if you meet either the green card test or the substantial presence test. However, even though you otherwise would meet the substantial presence test, you will not be considered a U.S.

resident if you qualify for the closer connection to a foreign country exception or you are able to qualify as a nonresident alien by reason of a tax treaty. These tests and the exception are discussed in the instructions for Part I beginning on page 4.

**Additional information.** For more information on the taxation of resident and nonresident aliens, residency tests, and other special rules, see Pub. 519.



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



You can download tax forms, instructions, and publications at [IRS.gov](http://IRS.gov).

## Treaty Benefits

If you take the position that a treaty of the United States overrides or modifies any provision of the Internal Revenue Code and that position reduces (or potentially reduces) your tax, you may have to file Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), with your final U.S. income tax return. See Pub. 519 for more information.



Copies of the treaties are available at [IRS.gov](http://IRS.gov). Enter the keywords "tax treaties" in the search box.

## Final Return Required

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

If you are a U.S. citizen or resident alien on the last day of the year, you should file Form 1040 reporting your worldwide income. If you are not a U.S. citizen or resident alien on the last day of the year, you generally should file Form 1040NR or, if eligible, Form 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents. However, certain individuals who were resident aliens at the beginning of the tax year but nonresident aliens at the end of the tax year must file a "dual-status" return. See *Dual-status tax year* on page 5.

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

your final return for the tax year shows an overpayment.

## Certificate of Compliance

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

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

You can file the shorter Form 2063 if you have filed all U.S. income tax returns you were required to file, you paid any tax due, and either of the following applies.

- You have no taxable income for the year of departure and for the preceding year (if the time for filing the earlier year's return has not passed).
- You are a resident alien with taxable income for the preceding year or for the year of departure, but the Area Director has decided that your leaving will not hinder collecting the tax.

**Exceptions.** You do not need a certificate of compliance if any of the following applies.

1. You are a representative of a foreign government who holds a diplomatic passport, a member of the representative's household, a servant who accompanies the representative, an employee of an international organization or foreign government whose pay for official services is exempt from U.S. taxes and who has no other U.S. source income, or a member of the employee's household who has no income from U.S. sources. However, if you signed a waiver of nonimmigrant's privileges as a condition of holding both your job and your status as an immigrant, this exception does not apply, and you must get a certificate.

2. You are a student, industrial trainee, or exchange visitor, or the spouse or child of such an individual. To qualify for this exception, you must have an F-1, F-2, H-3, H-4, J-1, J-2, or Q visa. Additionally, you must not have received any income from

sources in the United States other than:

a. Allowances covering expenses incident to your study or training in the United States (including expenses for travel, maintenance, and tuition),

b. The value of any services or accommodations furnished incident to such study or training,

c. Income from employment authorized under U.S. immigration laws, or

d. Interest on deposits, but only if that interest is not effectively connected with a U.S. trade or business.

3. You are a student, or the spouse or child of a student, with an M-1 or M-2 visa. To qualify, you must not have received any income from sources in the United States other than:

a. Income from employment authorized under U.S. immigration laws, or

b. Interest on deposits, but only if that interest is not effectively connected with a U.S. trade or business.

4. Any of the following applies.

a. You are on a pleasure trip and have a B-2 visa.

b. You are on a business trip, have a B-1 visa or a combined B-1/B-2 visa, and do not stay in the United States or any of its possessions for more than 90 days during the tax year.

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

d. You are admitted on a border-crossing identification card.

e. You do not need to carry passports, visas, or border-crossing identification cards because you are (i) visiting for pleasure or (ii) visiting for business and do not stay in the United States or any of its possessions for more than 90 days during the tax year.

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

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

However, exception 4 does not apply if the Area Director believes

you had taxable income during the current tax year through your departure date, or the preceding tax year, and that your leaving the United States would hinder collecting the tax.

## How To Get the Certificate

To get a certificate of compliance, go to your local IRS office at least 2 weeks before you leave the United States and file either Form 2063 or Form 1040-C and any other required tax returns that have not been filed. The certificate may not be issued more than 30 days before you leave. If both you and your spouse are aliens and both of you are leaving the United States, both of you must go to the IRS office.

Please be prepared to furnish your anticipated date of departure and bring the following records with you if they apply.

1. A valid passport with your alien registration card or visa.

2. Copies of your U.S. income tax returns filed for the past 2 years. If you were in the United States for less than 2 years, bring copies of the income tax returns you filed for that period.

3. Receipts for income taxes paid on these returns.

4. Receipts, bank records, canceled checks, and other documents that prove your deductions, business expenses, and dependents claimed on the returns.

5. A statement from each employer you worked for this year showing wages paid and tax withheld. If you are self-employed, you must bring a statement of income and expenses up to the date you plan to leave.

6. Proof of any payments of estimated tax for the past year and the current year.

7. Documents showing any gain or loss from the sale of personal and/or real property, including capital assets and merchandise.

8. Documents concerning scholarship or fellowship grants, such as: (a) verification of the grantor, source, and purpose of the grant; (b) copies of the application for, and approval of, the grant; (c) a statement of the amount paid, and your duties and obligations under the grant; and (d) a list of any previous grants.

9. Documents indicating qualification for special tax treaty benefits.

10. Document verifying your date of departure from the United States, such as an airline ticket.

11. Document verifying your U.S. taxpayer identification number, such as a social security card or an IRS-issued Notice CP 565 showing your individual taxpayer identification number (ITIN).

**Note.** If you are married and reside in a community property state, also bring the documents listed on this page for your spouse. This applies whether or not your spouse requires a certificate.

If you are filing Form 1040-C, file an original and one copy for the tax year in which you plan to leave. If you are departing between January 1, 2011, and April 15, 2011, you also must file Form 1040NR or Form 1040 for 2010 and pay any tax due.

Generally, a certificate of compliance on Form 1040-C will be issued without your paying tax or posting bond if you have not received a termination assessment. A termination assessment is a demand for immediate payment of income tax for the current and immediately preceding year.

This certificate applies to all of your departures during the current tax year, subject to revocation on any later departure if the Area Director believes your leaving would hinder collecting the tax.

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



You may contact  
1-800-829-1040 to obtain the  
location of our field assistance  
offices and tax information.

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## Specific Instructions

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

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

2. If the tax period of the alien is terminated, the tax period of his or

her spouse is terminated at the same time.

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

**Identifying number.** You must enter your identifying number. Generally, this is your social security number (SSN).

If you do not have an SSN and are eligible for one, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. You also can download Form SS-5 from the SSA's website at [www.socialsecurity.gov/online/ss-5.html](http://www.socialsecurity.gov/online/ss-5.html). You must visit an SSA office in person and submit your Form SS-5 along with original documentation showing your age, identity, immigration status, and authority to work in the United States. If you are an F-1 or M-1 student, you also must show your Form I-20. If you are a J-1 exchange visitor, you also will need to show your Form DS-2019. Generally, you will receive your card about 2 weeks after the SSA has all of the necessary information.

If you do not have an SSN and are not eligible to get one, you must apply for an individual taxpayer identification number (ITIN). For details on how to apply for an ITIN, see Form W-7, Application for IRS Individual Taxpayer Identification Number, and its instructions. Get Form W-7 online at IRS.gov. Click on "Individuals," then "Individual Taxpayer Identification Numbers (ITIN)." If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

If you are required to include another person's SSN on your return and that person does not have and cannot get an SSN, enter that person's ITIN.

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

## Part I—Explanation of Status—Resident or Nonresident Alien

Generally, you are considered a resident alien if you meet either the green card test or the substantial presence test for 2011. You are considered a nonresident alien for the year if you do not meet either of these tests. For more information on resident and nonresident alien status, see Pub. 519.

**Green card test.** You are a resident alien for tax purposes if you are a lawful permanent resident of the United States at any time during 2011. You are a lawful permanent resident of the United States if you have been given the privilege, under U.S. immigration laws, of residing permanently in the United States as an immigrant. You generally have this status if the U.S. Citizenship and Immigration Services (USCIS) (or its predecessor organization, the Immigration and Naturalization Service) has issued you an alien registration card, also known as a green card.

**Substantial presence test.** You are considered a resident alien for tax purposes if you meet the substantial presence test for 2011. You meet this test if you were physically present in the United States for at least:

- 31 days during 2011, and
- 183 days during the period 2011, 2010, and 2009, using the following chart.

(a) Year	(b) Days of physical presence	(c) Multiplier	(d) Testing days (multiply (b) times (c))
2011		1.000	
2010		.333	
2009		.167	
Total testing days (add column (d))			

**Days of presence in the United States.** 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. However, you do not count the following days of presence in the United States for the substantial presence test.

- Days you commuted to work in the United States from a residence in

Canada or Mexico if you regularly commuted from Canada or Mexico..

- Days you were in the United States for less than 24 hours while you were traveling between two places outside the United States.
- Days you were temporarily present in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States. This rule does not apply to any day you were otherwise engaged in a trade or business in the United States.
- Days you intended, but were unable, to leave the United States because of a medical condition or medical problem that arose while you were in the United States.
- Days you were an exempt individual. In general, an exempt individual is: (a) a foreign-government-related individual, (b) a teacher or trainee, (c) a student, or (d) a professional athlete who is temporarily present in the United States to compete in a charitable sports event.

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

**Closer connection to a foreign country exception.** Even though you otherwise would meet the substantial presence test, you are not treated as having met that test for 2011 if you: (a) were present in the United States for fewer than 183 days during 2011, (b) establish that during 2011 you had a tax home in a foreign country, and (c) establish that during 2011 you had a closer connection to one foreign country in which you had a tax home than to the United States unless you had a closer connection to two foreign countries.

**Note.** If you meet this exception, file Form 8840, Closer Connection Exception Statement for Aliens, with your final income tax return.

**Residence determined by tax treaty.** Even though you otherwise would meet the substantial presence test, you are not treated as having met that test if you qualify as a resident of another country within the

meaning of the tax treaty between the United States and that other country.

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

**Note.** Certain resident aliens who leave the United States during the year with no intent to return may be subject to tax under section 877A. These resident aliens compute their tax using the method prescribed under section 877A when completing Form 1040-C. See chapter 4 of Pub. 519 for more information.

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

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

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

For a list of the types of income not considered effectively connected with a U.S. trade or business, see the instructions for Schedule A starting on page 6 and Schedule B on page 7. If you are a nonresident alien in the United States to study or train, see Pub. 519.

## Part II—Exemptions

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

If you are a nonresident alien engaged in a trade or business in the United States and you are a U.S. national (American Samoan or a Northern Mariana Islander who chose to be a U.S. national) or a resident of Canada, India, Mexico, or South Korea, you can claim the same number of exemptions you are entitled to on Form 1040NR. All other nonresident aliens engaged in a U.S. trade or business can claim only one exemption. For more details, see Pub. 519 or the Form 1040NR instructions.

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

**Line 14c, column (2).** You must enter each dependent's SSN or ITIN. See *Identifying number* on page 4.

**Line 14c, column (4).** Check the box in this column if your dependent is a qualifying child for the child tax credit. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, to find out who is a qualifying child.

## Part III—Figuring Your Income Tax

Read the descriptions on line 1 of Form 1040-C for Groups I, II, and III to see which group(s) applies to you. If Group I or II applies, use lines 15 through 22 to figure your tax. If Group III applies, use lines 23 and 24 to figure your tax. If you are a nonresident alien to which both Groups II and III apply, use lines 15 through 24 to figure your tax.

**Line 16. Adjustments.** If you are a resident alien, you can take the adjustments allowed on Form 1040. The Form 1040 instructions have information on adjustments you can take. Be sure to consider the tax law changes noted on page 1.

If you are a nonresident alien and have income effectively connected with a U.S. trade or business, you can take the adjustments allowed on Form 1040NR. See the Form 1040NR instructions. Be sure to consider the tax law changes noted on page 1.

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

**Line 19. Credits.** If you are a resident alien, you can claim the same credits as on Form 1040. If you are a nonresident alien with income effectively connected with a U.S. trade or business, you can generally claim the same credits as on Form 1040NR.

**Line 21. Other taxes.** Enter on line 21 any other taxes such as those listed on this page and page 6. See the instructions for Form 1040 or Form 1040NR for information on the additional taxes to include on this line.

• **Self-employment tax.** This tax applies to resident aliens and to nonresident aliens if an international social security agreement in effect determines that the nonresident alien is covered under the U.S. social security system. Use Schedule SE (Form 1040), Form 1040-PR, or Form 1040-SS to figure your self-employment tax. The self-employment tax rate for 2011 is 13.3%. This includes a 2.9% Medicare tax and a 10.4% social security tax. For 2011, the maximum amount of self-employment income subject to social security tax is \$106,800. There is no limit on the amount of self-employment income subject to the Medicare tax.



You can find more information on international social security agreements (also known as totalization agreements) at IRS.gov. Enter the keywords "totalization agreements" in the search box.

• **Social security and Medicare 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, you generally must pay this tax. See the Form 1040 instructions or the Form 1040NR instructions.

• **Social security and Medicare tax not withheld by employer.** If you are an employee who received wages from an employer who did not withhold social security and Medicare tax from your wages, you may owe this tax. See the Form 1040 instructions or the Form 1040NR instructions.

• **Additional tax on IRAs, other qualified retirement plans, etc.** If you received a distribution from or made an excess contribution to one of these plans, you may owe this tax. See the Form 1040 instructions or the Form 1040NR instructions.

• **Household employment taxes.** If you pay cash wages to any one household employee in 2011, you

may owe this tax. See the Form 1040 instructions or the Form 1040NR instructions.

- **Tax on accumulation distribution of trusts.** Use Form 4970 to figure the tax.
- **Tax from recapture of investment credit.** Use Form 4255 to figure the tax.
- **Tax from recapture of low-income housing credit.** Use Form 8611 to figure the tax.
- **Tax from recapture of federal mortgage subsidy.** Use Form 8828 to figure the tax.
- **Tax from recapture of qualified plug-in electric vehicle credit.** For details on how to figure the tax, see Pub. 535, Business Expenses.
- **Repayment of first-time homebuyer credit.** If you purchased a home in 2008 and claimed the first-time homebuyer credit, repayment of that credit began with your 2010 tax return and will continue until the credit is fully repaid. If the home ceases to be your main home, then the unpaid balance of the credit is to be repaid on the return for the year when the home was no longer your main home. If you purchased a home in 2009 or 2010 and claimed the first-time homebuyer credit, you must maintain that home as your main home for at least 36 months to avoid having to repay the credit. For details, see the Instructions for Form 5405.

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

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

- **Earned income credit (EIC).** This credit applies only to resident aliens. Enter any EIC that is due to you.
- **Additional child tax credit** to which you are entitled.
- **U.S. income tax paid at previous departure during the tax period.** Enter any tax you paid if you previously departed the United States during this tax period.
- **Excess social security and RRTA tax withheld.** If you had two or more employers in 2011 who together paid you more than \$106,800 in

wages, too much social security tax and tier 1 railroad retirement (RRTA) tax may have been withheld. See Pub. 505, Tax Withholding and Estimated Tax. For 2011, the maximum social security tax and tier 1 RRTA tax is \$4,485.60.

- **Credit for federal tax paid on fuels.** Use Form 4136 to figure the credit.

## Signature

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

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

### **Paid preparers must sign.**

Generally, anyone you pay to prepare your return must sign it and include their Preparer Tax Identification Number (PTIN) in the space provided. The preparer also must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

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

## Schedule A—Income

**Line 1, column (c).** Enter amounts shown as federal income tax withheld on your Forms W-2, 1099, 1042-S, etc. Be sure to enter the amount withheld on the same line on which the related income is reported.

**Line 1, column (d).** Resident aliens should include income that would be included on Form 1040, such as wages, salaries, interest, dividends, rents, alimony, etc.

**Line 1, column (e).** Enter nonresident alien income effectively connected with a U.S. trade or business. Nonresident aliens should include income that would be included on page 1 of Form 1040NR or Form 1040NR-EZ. This includes:

- Salaries and wages (generally shown in box 1 of Form W-2),
- The taxable part of a scholarship or fellowship grant,

- Business income or loss (income that would be included on Schedule C (Form 1040) or Schedule C-EZ (Form 1040) as an attachment to Form 1040NR), and

- Any other income considered to be effectively connected with a U.S. trade or business. See the Instructions for Form 1040NR for details.

**Line 1, column (f).** Enter nonresident alien income from U.S. sources that is not effectively connected with a U.S. trade or business, including:

- Interest, dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, and other fixed or determinable annual or periodic gains, profits, and income.

- Prizes, awards, and certain gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings. In most cases, you cannot offset losses against winnings and report the difference.

- 85% of the U.S. social security benefits you receive. 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 benefit under Title II of the Social Security Act or part of a tier 1 railroad retirement benefit treated as a social security benefit. They do not include any supplemental security income (SSI) payments.

**Line 5.** Include on line 5, column (d), (e), or (f), all income you received during the year that is exempt by Code (see examples below). Also include on line 5 income that is exempt by treaty, but only if the income is reportable in column (d) or (e). Attach a statement that shows the basis for the treaty exemption (including treaty and article(s)).

**Note.** Do not include on line 5 income reportable in column (f) that is exempt by treaty. Instead report these amounts on line 1 of column (f) and explain on the statement required for Part III, line 24, the basis for the reduced rate or exemption.

Be sure to include on line 5, column (c), any amount withheld on exempt income you are reporting on line 5, column (d), (e), or (f). For example, include amounts that were withheld by a withholding agent that was required to withhold due to lack

of documentation. However, do not include amounts reimbursed by the withholding agent.

Do not include on lines 1 through 4 any amount that is reportable on line 5.

**Exempt income for nonresident aliens.** The following income received by nonresident aliens is exempt from U.S. tax.

1. Interest on bank deposits or withdrawable accounts with savings and loan associations or credit unions that are chartered and supervised under federal or state law, or amounts held by an insurance company under an agreement to pay interest on them, if the income is not effectively connected with a U.S. trade or business. Certain portfolio interest on obligations issued after July 18, 1984, is also exempt income.

2. Your personal service income if:

- a. You were in the United States 90 days or less during the tax year,
- b. You received \$3,000 or less for your services, and
- c. You performed the services as an employee of or under contract with a nonresident alien individual, foreign partnership, or foreign corporation not engaged in a U.S. trade or business; or for a foreign office of a U.S. partnership, corporation, citizen, or resident.

3. Capital gains not effectively connected with a U.S. trade or business if you were in the United States fewer than 183 days during the tax year. **Exception:** Gain or loss on the disposition of a U.S. real property interest is not exempt.

4. U.S. bond income. Your income from series E, EE, H, or HH U.S. savings bonds that you bought while a resident of the Ryukyu Islands (including Okinawa) or the Trust Territory of the Pacific Islands (Caroline and Marshall Islands).

5. Annuities you received from qualified annuity plans or trusts if both of the following conditions apply.

a. The work that entitles you to the annuity was performed either (1) in the United States for a foreign employer and you met the conditions under 2 earlier, or (2) outside the United States, and

b. When the first amount was paid as an annuity, at least 90% of the employees covered by the plan (or by the plan or plans that included the trust) were U.S. citizens or residents.

6. U.S. source dividends paid by certain foreign corporations if they are

not effectively connected with your U.S. trade or business. See *Second exception under Dividends* in chapter 2 of Pub. 519 for the definition of foreign corporation and how to figure the amount of excludable dividends.

Certain items of income may be exempt from federal tax under a tax treaty. For more details, see Pub. 901, Tax Treaties.

## Schedule B—Certain Gains and Losses From Sales or Exchanges by Nonresident Aliens of Property Not Effectively Connected With a U.S. Trade or Business

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

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

**Note.** The gain or loss on the disposition of a U.S. real property interest is considered effectively connected and should be shown in Schedule A, column (e).

**2. Income other than capital gains.**

- Gains on the disposal of timber, coal, or U.S. iron ore with a retained economic interest.
- Gains from the sale or exchange of patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other like property, or of any interest in any such property. The gains must result from payments for the production, use, or disposition of the property or interest.

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

## Schedule C—Itemized Deductions

If you are a resident alien, you can take the deductions allowed on

Schedule A of Form 1040. See the Schedule A (Form 1040) instructions.

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

**Note.** Residents of India who were students or business apprentices may be able to take the standard deduction. See Pub. 519 for details.

## Schedule D—Tax Computation

### Standard Deduction (Group I only)

If you do not itemize your deductions, you can take the 2011 standard deduction listed below for your filing status.

Filing Status	Standard Deduction
Married filing jointly or Qualifying widow(er) . . . . .	\$11,600*
Head of household . . . . .	\$8,500*
Single or Married filing separately . . . . .	\$5,800*

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

**Additional amount for the elderly or the blind.** An additional standard deduction amount of \$1,150 is allowed for a married individual (whether filing jointly or separately) or a qualifying widow(er) who is age 65 or older or blind in 2011 (\$2,300 if the individual is both age 65 or older and blind, \$4,600 if both spouses are age 65 or older and blind). An additional standard deduction amount of \$1,450 is allowed for an unmarried individual (single or head of household) who is age 65 or older or blind (\$2,900 if the individual is both age 65 or older and blind).

**Note.** If you were born before January 2, 1947, you are considered to be age 65 or older in 2011.

**Limited standard deduction for dependents.** If you can be claimed as a dependent on another person's 2011 return, your standard deduction is the greater of:

- \$950 or
- Your earned income plus \$300 (up to the standard deduction amount).

To this amount add any additional amounts as explained earlier.

## Lines 6 and 14

Include in the total on line 6 or line 14, whichever applies, any tax from Form 4972, Tax on Lump-Sum Distributions, and Form 8814, Parents' Election To Report Child's Interest and Dividends.

Also include any recapture of an education credit. You may owe this tax if you claimed an education credit in an earlier year, and either tax-free educational assistance or a refund of qualified expenses was received in 2011 for the student. See Form 8863 for more details.

## Lines 7 and 15

Include in the total on line 7 or line 15, whichever applies, any tax from Form 6251, Alternative Minimum Tax—Individuals.

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### Disclosure, Privacy Act, and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. Sections 6001, 6011, 6012(a), 6851, and their regulations require that you give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

Section 6109 requires you to provide your identifying number on the return.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths and possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If you do not provide the information requested, or provide false information, you may be subject to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid

OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 2 hr., 4 min.; **Learning about the law or the form**, 48 min.; **Preparing the form**, 2 hr., 44 min.; and **Copying, assembling, and sending the form to the IRS**, 59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, see *How To Get the Certificate* on page 3.

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2011 Tax Rate Schedules (Groups I and II)



Do not use these Tax Rate Schedules to figure your 2010 taxes. Use only to figure your 2011 taxes.

Schedule X—Single Taxpayers (Groups I and II)				Schedule Z—Head of Household (Group I only)			
If the amount on Schedule D, line 5 or 13, is:		The tax is:	of the amount over—	If the amount on Schedule D, line 5, is:		The tax is:	of the amount over—
Over—	But not over—			Over—	But not over—		
\$0	\$8,500	----- 10%	\$0	\$0	\$12,150	----- 10%	\$0
8,500	34,500	\$850.00 + 15%	8,500	12,150	46,250	\$1,215.00 + 15%	12,150
34,500	83,600	4,750.00 + 25%	34,500	46,250	119,400	6,330.00 + 25%	46,250
83,600	174,400	17,025.00 + 28%	83,600	119,400	193,350	24,617.50 + 28%	119,400
174,400	379,150	42,449.00 + 33%	174,400	193,350	379,150	45,323.50 + 33%	193,350
379,150	-----	110,016.50 + 35%	379,150	379,150	-----	106,637.50 + 35%	379,150
Schedule Y—Married Filing Joint Return (Group I only) and Qualifying Widow or Widower (Groups I and II)				Schedule Y—Married Filing Separate Return (Groups I and II)			
If the amount on Schedule D, line 5 or 13, is:		The tax is:	of the amount over—	If the amount on Schedule D, line 5 or 13, is:		The tax is:	of the amount over—
Over—	But not over—			Over—	But not over—		
\$0	\$17,000	----- 10%	\$0	\$0	\$8,500	----- 10%	\$0
17,000	69,000	\$1,700.00 + 15%	17,000	8,500	34,500	\$850.00 + 15%	8,500
69,000	139,350	9,500.00 + 25%	69,000	34,500	69,675	4,750.00 + 25%	34,500
139,350	212,300	27,087.50 + 28%	139,350	69,675	106,150	13,543.75 + 28%	69,675
212,300	379,150	47,513.50 + 33%	212,300	106,150	189,575	23,756.75 + 33%	106,150
379,150	-----	102,574.00 + 35%	379,150	189,575	-----	51,287.00 + 35%	189,575