



# GUIDE TO PREPARING YOUR 2011 INCOME TAX RETURNS

*For Visiting Foreign Scientists at the  
National Institutes of Health*



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and Human Services

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## ***INTRODUCTION***

Professional advice and guidance on federal and state income tax matters that concern international researchers at the National Institutes of Health (NIH) is available, on a limited basis, through the Division of International Services (DIS), Office of Research Services, (ORS) at no cost to program participants. Those for whom this service is offered include:

- NIH Visiting Program (NIHVP) participants: Visiting Fellows and Research Fellows receiving grants, and Foreign Scientist FTEs (Research Fellows, Clinical Fellows, Staff Scientists, Staff Clinicians, Investigators (Tenure Track), Senior Investigators, and Adjunct Investigators) on the Visiting Program
- Guest Researchers and Special Volunteers
- Professional Services Contractors
- Other nonimmigrant scientists at the NIH in an official capacity

This service provides procedural advice, literature, and general tax information tailored to the various NIH international awards and appointments. It does not include tax preparation or representation before the Internal Revenue Service (IRS) or state tax authorities regarding tax disputes. Individuals who require these other services are encouraged to consult with a professional tax advisor.

This *Guide to Preparing Your 2011 Income Tax Returns* provides information that addresses tax issues commonly faced by Visiting Foreign Scientists at the National Institutes of Health. The information herein is general in nature and should not be cited as substantial authority.

Information in this document has been compiled from multiple sources, including the following IRS publications and forms:

[Publication 519](#) – *US Tax Guide for Aliens*

[Publication 901](#) – *US Tax Treaties*

[Publication 17](#) – *Your Federal Income Tax for Individuals*

[Publication 463](#) – *Travel, Entertainment, Gift, and Car Expenses*

[Publication 521](#) – *Moving Expenses*

[Instructions to Form 1040](#) – *US Individual Income Tax Return* and [Instructions to Form 1040NR](#), *US Nonresident Alien Income Tax Return*

[Form 8843](#) – *Statement for Exempt Individuals*

[Form 8833](#) – *Treaty-Based Return Position Disclosure*

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**Circular 230 Disclosure**

*Any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties imposed under the Internal Revenue Code or applicable state or local tax law or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.*

## ***RESOURCES FOR FEDERAL AND STATE TAX FORMS, PUBLICATIONS, AND INFORMATION***

### ***Federal Resources***

IRS website: [www.irs.gov](http://www.irs.gov)

IRS toll-free numbers in the US for various services:

Recorded Tax Information and Refund Information .....	<b>800-829-4477</b>
Forms and Publication Orders .....	<b>800-829-3676</b>
Tax Assistance and Notice Inquiries .....	<b>800-829-1040</b>
Refund Hotline .....	<b>800-829-1954</b>

Also see [IRS Publication 910](#), *IRS Guide to Free Tax Services*

### **Local IRS Taxpayer Assistance Centers nearest to campus:**

Bethesda Campus – 11510 Georgia Ave., Wheaton, MD 20902; phone (202) 283-8097

Frederick Campus – 201 Thomas-Johnson Dr., Frederick, MD 21702; phone (301) 695-7615

Baltimore Campus – 31 Hopkins Plaza, Baltimore, MD 21201; phone (410) 962-7969

Research Triangle Park Campus – 3308 Chapel Hill Blvd., Durham, NC 27707; phone (919) 401-0300

Rocky Mountain Laboratories Campus – 2681 Palmer St., Missoula, MT 59808; phone (406) 728-9127

Phoenix Campus – 4041 N. Central Ave., Phoenix, AZ 85012; (602) 636-9199

### ***State Resources***

You can find general information and download forms and instructions from the following websites:

- Maryland – [www.marylandtaxes.com](http://www.marylandtaxes.com)
- District of Columbia – [www.otr.cfo.dc.gov](http://www.otr.cfo.dc.gov)
- Virginia – [www.tax.virginia.gov](http://www.tax.virginia.gov)
- North Carolina – [www.dor.state.nc.us](http://www.dor.state.nc.us)
- Montana – [www.mt.gov/revenue](http://www.mt.gov/revenue)
- Arizona – [www.azdor.gov](http://www.azdor.gov)

## ***FEDERAL TAX INFORMATION***

### ***Filing Information***

The federal agency responsible for assessing and collecting income taxes is the Internal Revenue Service (IRS).

You are required to file an annual tax return reporting your income and allowable expenses for the tax year using a version of either Form 1040NR (for nonresident aliens) or Form 1040 (for resident aliens). The tax year is the calendar year (January 1 - December 31). See the section on [Tax Residency Rules](#) for how to determine your status.

**2011 Filing Deadlines:** If you are a resident alien, or if you are a nonresident alien who is an employee receiving wages subject to income tax withholding, you must file your 2011 tax return on or before April 17, 2012. If you are a nonresident alien who is not an employee receiving wages subject to income tax withholding, you must file your 2011 tax return on or before June 15, 2012.

**Requesting an Extension:** If you cannot file your return by the due date, you can get an automatic 6-month extension of time by filing [Form 4868](#). For 2011 tax returns due April 17, 2012, the extended due date is October 15, 2012. For 2011 tax returns due June 15, 2012, the extended due date is December 15, 2012. You must file Form 4868 by the regular due date of the return. The automatic 6-month extension to file does not extend the time to pay your tax. The IRS may assess interest and penalties if you do not file your return or pay your tax by the due date.

You are required to pay your taxes during the calendar year as you earn your income or receive your fellowship grant. The NIH is generally required to withhold an estimate of your federal taxes from the amount you receive each pay period. If you are considered an employee, the NIH will also withhold state taxes from your pay. If you are not considered an employee, or if you do not have state taxes withheld, you must make your own estimated tax payments during the calendar year on a quarterly basis. See the section on [How Taxes are Paid](#) for more information.

It is your responsibility to file a tax return and determine – either on your own or by using a paid tax preparer – your federal tax liability. If you are due a refund because you paid in more tax during the year than the tax liability reported on your tax return, you will normally receive a check from the IRS in approximately 6-8 weeks after you file the return. You should receive your refund faster if you choose to have the refund deposited electronically and/or you electronically file (efile) your return. If you did not pay in enough tax during the year, you must include a check for the balance due with your tax return at the time of filing. Online payment services are also available.

To claim exemption from US income tax under a treaty agreement, you must meet certain requirements. Even if your entire income is excludable, you must still file a tax return and disclose your treaty position. See the section on [Tax Treaty Benefits](#) for more information.

### ***Identification Numbers***

You are required by the IRS to have either a social security number (SSN) or, if you are not eligible to get an SSN, an Individual Taxpayer Identification Number (ITIN). An SSN or ITIN ensures that the IRS gives you proper credit for tax returns you file and any tax payments you make such as tax withheld, estimated taxes, and balances remitted with your tax returns. You should use your SSN or ITIN on all tax return forms, payment vouchers, remittance checks, and correspondence with the IRS.

To apply for an SSN, get the application Form SS-5 online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling 1-800-772-1213. To apply for an ITIN, see Form W-7 and its instructions. You can get information regarding Form W-7 online at [www.irs.gov](http://www.irs.gov). Click on “Individuals”, then “International Taxpayers”, then “Taxpayer Identification Numbers”.

An ITIN is for tax use only. It does not entitle you to social security benefits, nor does it change your employment or immigration status under US law. See the section on [Form W-7](#) for more information.

## *Glossary of Useful Tax Terms*

**Adjusted Gross Income (AGI)** – Your income after certain allowable adjustments that are subtracted from your gross income, such as IRA contributions, moving expenses, and student loan interest. You use your AGI amount as a basis for various calculations, including determining the limitations on your itemized deductions.

**Audit** – An examination of your tax return by the Internal Revenue Service (IRS).

**Deduction** – An expense allowed by the Internal Revenue Code that reduces the amount of your income subject to tax.

**Dependency Exemption** – An amount you can claim for a “qualifying child” or “qualifying relative”. Each exemption reduces your income subject to tax. One exemption is allowed for each qualifying child or qualifying relative claimed as a dependent. The exemption amount is a set amount that changes from year to year. The amount for 2011 is \$3,700. Resident alien taxpayers can claim dependency exemptions. With limited exceptions, nonresident aliens cannot.

**Dependent** – A qualifying child or qualifying relative, other than you or your spouse, who entitles you to claim a dependency exemption.

**Dual-Resident Taxpayer** – An individual who is a resident of both the US and another country under each country’s tax laws. Tax treaty provisions determine which country you are a resident of for tax purposes. If you are treated as a resident of a foreign country under a tax treaty, you are treated as a nonresident alien in figuring your US income tax.

**Dual-Status Taxpayer** – An individual who is both a nonresident alien and a resident alien during the same tax year. This usually occurs in the year you arrive in or depart from the US.

**Effectively Connected Income** – Income that is effectively connected with a trade or business in the US. This includes income from performing personal services. You are considered engaged in a trade or business if you are temporarily present in the US under an “F”, “J”, “M”, or “Q” visa. The taxable part of any scholarship or fellowship grant that is US-source income is treated as effectively connected with a trade or business in the US.

**Exemption** – An amount that you can claim for yourself, your spouse, and eligible dependents. Each exemption reduces your income subject to tax. The exemption amount is a set amount that changes from year to year. The amount for 2011 is \$3,700. There are two types of exemptions: personal and dependency. Resident alien taxpayers can claim both personal and dependency exemptions. With limited exceptions, nonresident aliens cannot claim exemptions for spouses or dependents.

**Exempt Individual** – An individual who is present in the US as a student, teacher, or trainee under an “F”, “J”, “M”, or “Q” visa. Exempt individuals do not count days of physical presence in the US for a certain number of years (generally, either two or five) for purposes of the substantial presence test. Being an exempt individual does not mean you are exempt from US income tax. Rather, it means you are exempt from counting days of physical presence.

**Fellowship Grant** – An amount paid to an individual to aid in the pursuit of study, research, or training. A fellowship grant from the NIH is a stipend to cover living expenses. It is not considered compensation for personal services. Fellowship grant recipients at the NIH are paid monthly.

**Filing Status** – Your filing status determines the rate at which your income is taxed. It also determines whether you are eligible to claim certain deductions and tax credits. There are five filing status categories: single, married filing a joint return, married filing a separate return, head of household, and qualifying widow(er) with dependent child. Married resident aliens can file a joint tax return, even if only one spouse has income. Nonresident aliens are restricted to using either the “single” or “married filing separately” filing status.

**Green Card** – An alien registration card that gives you the privilege, according to the immigration laws, to reside permanently in the US as an immigrant.

**Gross Income** – Money, goods, services, and property you receive that must be reported on a tax return. It is your income *before* subtractions for adjustments, deductions, exemptions, and other items that reduce income.

**Income Tax** – A tax assessed on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends, fellowship grants). US citizens and resident aliens are taxed on their worldwide income. Nonresident aliens are taxed only on US-source income.

**Individual Tax Identification Number (ITIN)** – An identification number used for tax reporting purposes by individuals who are not eligible for a social security number. If you claim your spouse and/or dependents on your tax return, they must have either a social security number or an ITIN. You apply for an ITIN by filing Form W-7 with your Form 1040 or 1040NR.

**Internal Revenue Service (IRS)** – The federal government agency that is responsible for the assessment and collection of income taxes.

**Itemized Deductions** – Personal expenses specified in the Internal Revenue Code that reduce your adjusted gross income. Report itemized deductions on Schedule A of Form 1040 or Form 1040NR. Resident aliens can choose between using the standard deduction or itemized deductions. Nonresident aliens can only claim itemized deductions.

**Nonresident Alien** – An individual who is not a US citizen and who does not meet either the green card test or the substantial presence test.

**Refund** – Money owed to you when your total tax payments are greater than your total tax liability. Refunds are received from the government.

**Resident Alien** – An individual who is not a US citizen but who meets either the green card test or the substantial presence test.

**Saving Clause** – A provision found in tax treaties whereby each country “saves” the right to tax its own residents as if no tax treaty were in effect. For example, once you become a resident alien of the US, you generally lose any tax treaty benefits that relate to your income unless the treaty specifically provides for an exception to the saving clause.

**Social Security Number (SSN)** – Every US citizen and anyone who works in the US must have a Social Security Number. This number is your tax identification number and account number with the IRS. You should include your SSN on all correspondence with the IRS.

**Social Security Tax** – A tax imposed on wages by the Federal Insurance Contributions Act, also known as the “FICA tax.” This tax is collected in addition to income taxes. Nonresident aliens who are F-1, J-1, M-1, or Q-1 visa holders and who are performing services in the US to carry out the purposes of their visas are exempt from Social Security tax. Resident aliens do not receive this exemption.

**Standard Deduction** – An amount that reduces your income subject to tax and that varies depending on filing status, age, blindness, and dependency.

**Substantial Presence Test** – A test that determines whether you are a nonresident alien or resident alien by counting the number of days you are physically present in the US during each calendar year. See the section for [Tax Residency Rules](#) for a discussion of the substantial presence test.

**Taxable Income** – Your gross income reduced by any allowable adjustments, deductions, and exemptions.

**Tax Credit** – A dollar-for-dollar reduction to your tax liability. Nonrefundable credits are deducted directly from your tax liability but cannot exceed that amount. Refundable credits are paid to you even if you have no tax liability.

**Tax Treaties** – Reciprocal agreements between the US and certain foreign countries in which residents (not necessarily citizens) of foreign countries are taxed at a reduced rate or are exempt from US income taxes on certain items of income they receive from sources within the US. Generally, you must be a tax resident of the treaty country and a nonresident of the US to claim treaty benefits. With certain exceptions, tax treaties do not reduce the US taxes of US residents.

**Visiting Fellows** – Foreign scientists at the NIH who participate in its research training program. Fellows receive a monthly stipend to cover living expenses. Fellows are not considered employees of the NIH and do not perform services. Amounts received by fellows are generally treated as a grant, allowance, or award for purposes of whether an exemption is provided by tax treaty.

**Visiting Scientists** – Foreign scientists at the NIH who are appointed to conduct health-related research. Visiting Scientists receive a salary and are considered to be employees performing personal services for the NIH. This appointment includes the following positions: Research Fellow, Clinical Fellow, Staff Scientist, Staff Clinician, Investigator, Adjunct Investigator, and Senior Investigator.

**Wages** – Compensation for personal services. Wage recipients at the NIH are paid every two weeks.

## ***TAX RESIDENCY RULES***

### ***Federal Tax Residency Rules***

The manner in which you are taxed depends upon whether you are, for income tax purposes, considered a resident or nonresident alien. Resident aliens are taxed on their worldwide income in the same manner as US citizens. Nonresident aliens are generally taxed only on US-source income.

Residency status for tax purposes is entirely different than residency status for immigration purposes. It is important for you to understand how to determine whether you are a resident or nonresident for tax purposes. Note that your residency status for tax purposes may change from one year to another.

You will be considered a resident alien (for tax purposes) if you meet either the “**green card**” test or the **substantial presence test** for the calendar year.

**Green Card Test** – You will meet this test if you are a lawful permanent resident of the US at any time during the calendar year. A “green card” is an alien registration card that gives you the privilege, according to the immigration laws, to reside permanently in the US as an immigrant. If you become a lawful permanent resident, you are a resident for tax purposes.

**Substantial Presence Test** – Unless you are an exempt individual, you will meet the substantial presence test if you are physically present in the US on at least 31 days during the current calendar year, and 183 days during the current and preceding two years, counting:

- All of the days you were present in the current calendar year, plus
- 1/3 of the days you were present in the first preceding calendar year, plus
- 1/6 of the days you were present in the second preceding calendar year.

You are treated as present in the US on any day you are physically present in the country at any time during the day.

You do not count any days that you are considered to be an “exempt individual”. An exempt individual includes any individual temporarily present in the US under an “F” or “J”, “M” or “Q” visa who substantially complies with the requirements of the visa. A non-student teacher, trainee, or researcher (“J” visa) is usually an exempt individual for the first two calendar years of physical presence in the US. A student (“F” or “J” visa) is usually an exempt individual for five calendar years. However:

- If you are a non-student J-visa holder, you will not be an exempt individual if you have been an exempt individual for any part of two of the six preceding calendar years.
- If you are an F-visa holder, you will not be an exempt individual if you have been exempt for any part of more than five calendar years.

**Note:** Qualifying as an exempt individual does not mean you are exempt from income tax. It means that you are exempt from counting days of presence in the US for purposes of the substantial presence test. All exempt individuals must attach Form 8843, “Statement for Exempt Individuals,” to Form 1040NR.

An exempt individual’s exemption from counting days is not elective. If you are a first-time “J” visa holder, you do not begin counting days of physical presence in the US until the first day of your third calendar year.

Refer to the flowchart on the following page for additional guidance.

The following examples illustrate the application of the substantial presence test rules:

**Example 1:** You arrive in the US in April 2011 under a “J” visa; 2011 is your first calendar year of presence, even though you have only been present in the US for part of the year. 2012 will be your second calendar year of presence. January 1, 2013 will begin your third calendar year, and you must then begin counting days of presence for the substantial presence test.

**Example 2:** You were present in the US under a “J” visa during 2006 and returned to your home country the same year. You returned to the US in 2010 under a second “J” visa. 2006 is considered your first year as an exempt individual. 2010 is your second year as an exempt individual. January 1, 2011 will begin your third calendar year, and you must then begin counting days of presence for the substantial presence test.

**Example 3:** You were present in the US under a “J” visa during 2006 and 2007 and returned to your home country in 2007. You then returned to the US in 2011 under a second “J” visa. 2011 is your third calendar year under a “J” visa. Because you already have two exempt years (2006 and 2007) within the six preceding calendar years (2005-2010), you must begin counting days in 2011 for the substantial presence test.

**Example 4:** You were present in the US under a “J” visa during 2003 and 2004 and returned to your home country in 2004. You then returned to the US in 2011 under a second “J” visa. You will be exempt from counting days for two more calendar years (2011 and 2012) because 2003 and 2004 are not within the six preceding calendar years (2005-2010). You will start counting days on January 1, 2013.

**Example 5:** You have been present in the US as a student under an “F” visa since 2007. In 2011, you receive a non-student “J” visa. For 2007-2010, you did not count any days of presence because an “F” visa holder is exempt from counting days for five calendar years. You should also not count your days in 2011 during the time you were an “F” visa holder because 2011 is still within the five-year period. However, you should count your days in 2011 during the time you held a “J” visa. As a non-student “J” visa holder, you are not exempt from counting days if you have been exempt from counting days for at least two of the prior six calendar years.

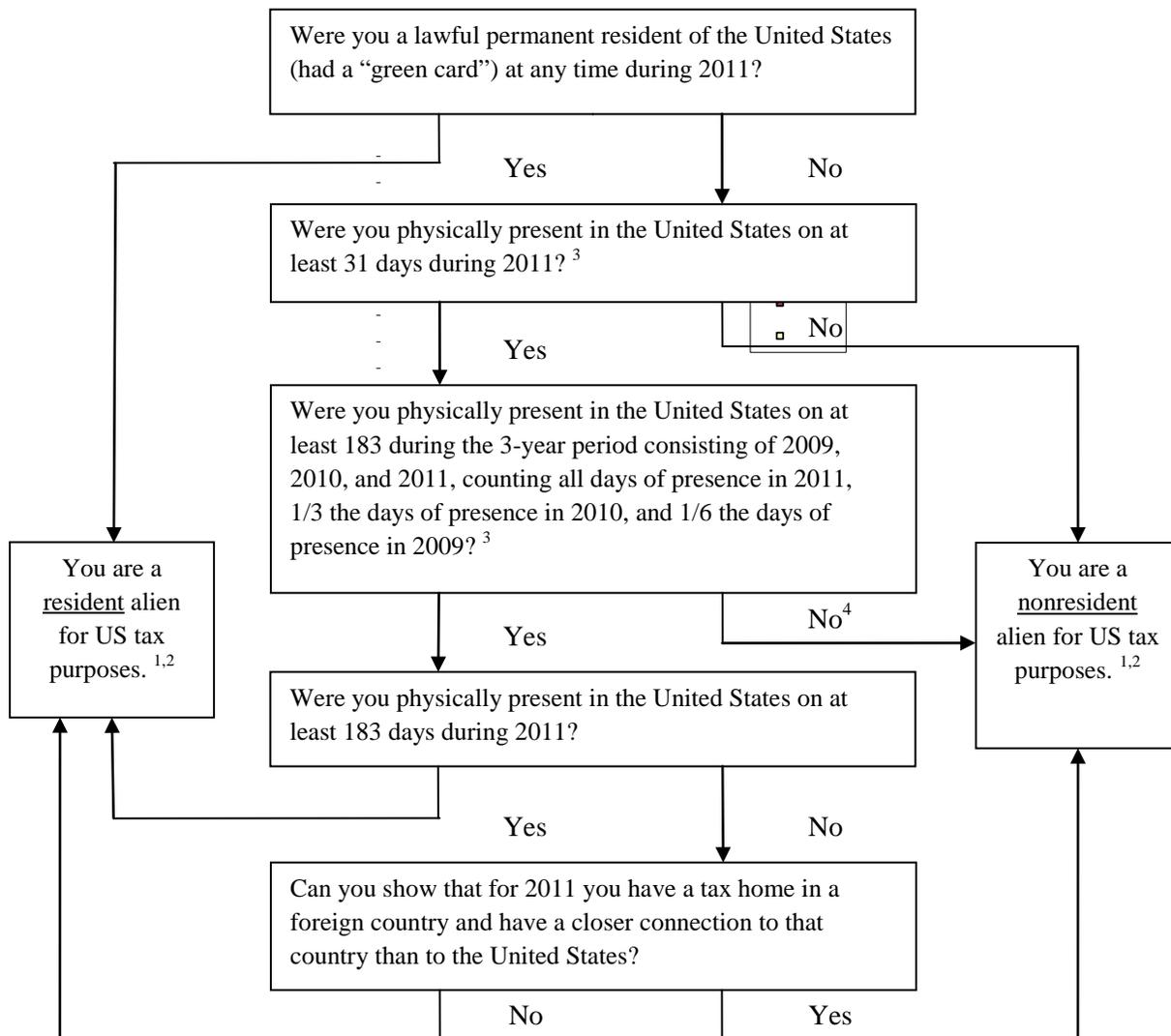
**Example 6:** You have been present in the US as a student under an “F” visa since 2006. In 2011, you receive a non-student “J” visa. For 2006-2010, you did not count any days of presence because an “F” visa holder is exempt from counting days for five calendar years. You should start counting days in 2011 because you have already been exempt from counting days for at least two of the prior six calendar years.

**Example 7:** You arrive in the US in March 2011 under an “H” visa. As an “H” visa holder, you are not exempt from counting days. You must start counting your days of presence in the US in 2011 and use the substantial presence test to determine if you are a nonresident alien or resident alien. If you meet the substantial presence test, you will be a dual-status taxpayer for 2011 (nonresident alien prior to your date of arrival and resident alien after your date of arrival).

**Example 8:** You arrive in the US in April 2010 under a “J” visa. In August 2011, you receive an “H” visa. You are exempt from counting days as a “J” visa holder for 2010 and for the part of 2011 that you held the “J” visa. You will start counting days when you receive the “H” visa in August 2011. Because there are less than 183 days in the calendar year from August through December, you will still be a nonresident alien for 2011. You will count your days in 2012 with the “H” visa and use the substantial presence test to determine if you are a nonresident alien or resident alien for US tax purposes.

## *Resident or Nonresident Alien for 2011?*

*Start here to determine your status for 2011*



<sup>1</sup> If this is the first or last year of residency, dual status may occur.

<sup>2</sup> In some circumstances, a person may still be considered a nonresident alien under an income tax treaty between the United States and the country of citizenship. Check treaty provisions carefully.

<sup>3</sup> See *Days of Presence in the United States* in Chapter 1 of [IRS Publication 519](#) for situations where days do not count as days of presence in the US. Note that days as an exempt individual do not count. Also, individuals who regularly commute from their residence in Canada or Mexico to work in the US generally do not count as commuting days.

<sup>4</sup> If the substantial presence test is met for 2012, a choice might be available as a part-year US resident alien for 2011.

**If you are a nonresident alien married to a US Citizen or US Resident**, you can elect to be taxed as a resident alien. If you make this election, you and your spouse must file a joint tax return. You will both be taxed on your worldwide income.

[IRS Publication 519](#) provides a more detailed explanation of the substantial presence test rules.

**Residency Starting Date:** If you meet the green card test but not the substantial presence test during your first calendar year of residency, your residency starting date is the first day in the calendar year on which you are present in the US as a lawful permanent resident. If you meet both tests during your first calendar year of residency, your residency starting date is the earlier of the first day during the year you are present in the US under the substantial presence test or as a lawful permanent resident.

## *State Tax Residency Rules*

Rules that determine state residency are not the same as the federal residency rules. Each state has its own rules to determine whether you are a resident for state tax purposes.

**Maryland** – You are a resident of Maryland if your permanent home is in Maryland or, if your permanent home is outside of Maryland, you maintain a place to live in Maryland for more than six months of the tax year. You are also a resident if you spend 183 days or more in Maryland during the tax year. You are a part-year resident if you began or ended residence in Maryland during the tax year. Part-year residents must file a Maryland resident tax return. You are taxable as a nonresident of Maryland if you work in Maryland but do not reside in Maryland.

**Example:** You arrive at the NIH as a Visiting Fellow with a two-year appointment in October 2010. You rent an apartment in Maryland and live there for the entire two years. You are considered a resident of Maryland for tax purposes from October 2010 until departing in October 2012 (part-year resident in 2010, full-year resident in 2011, and part-year resident in 2012). For each year, you will file a Maryland resident tax return.

If you change your status from Maryland resident to nonresident during the tax year, you are taxed as a resident for that portion of the year in which you lived in Maryland, and as a nonresident for the remainder of the tax year.

**District of Columbia** – You are a resident of DC if you resided in DC at any time during the tax year or if you maintained a place to live in DC for 183 days or more during the tax year. DC does not tax nonresidents. You can be considered a nonresident of DC if you are present for less than 183 days, and you continue to maintain your permanent foreign residence.

**Virginia** – You are a resident of Virginia if you maintained a place to live in Virginia for 183 days or more during the tax year. You are also a resident if you are physically present in Virginia for 183 days or more during the tax year. If you reside in Virginia for less than 183 days, and you have income from Virginia sources, you are taxed as a nonresident.

**North Carolina** – You are a resident of North Carolina if you maintain a home in North Carolina at any time during the tax year or if you live in North Carolina for 183 days or more during the tax year.

**Montana** – You are a resident of Montana if you live in Montana or maintain a permanent home in Montana. You are a nonresident if you do not consider Montana your home at any time during the tax year even though you may live and work in Montana temporarily during the tax year.

**Arizona** – You are a resident of Arizona if you are in Arizona for other than a temporary or transitory purpose or you maintain a permanent home in Arizona.

## **TAX REPORTING FORMS**

### ***Federal Tax Reporting Forms***

What tax 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 nonresident alien.

If you are a resident alien at the end of the tax year, you should file [Form 1040](#), *US Individual Tax Return*, or the shorter [Forms 1040EZ](#) or [1040A](#), if applicable.

If you are a nonresident alien at the end of the tax year, you should file [Form 1040NR](#), *US Nonresident Alien Income Tax Return*, or the shorter [Form 1040NR-EZ](#), if applicable.

There are hundreds of additional federal tax forms for various purposes that are used as attachments to [Forms 1040](#) or [1040NR](#). These forms are used to report different types of income and deductions, to claim tax credits, and to disclose information. Each tax form has instructions to help you understand how to complete it. Listed below are some of the more common federal tax forms used by NIH Visiting Foreign Scientists:

**[Form 4868](#), *Application for Automatic Extension of Time to File US Individual Income Tax Return*:** Use Form 4868 to request an automatic extension of time to file your tax return, whether you are filing Form 1040 or Form 1040NR.

**[Schedule A](#), *Itemized Deductions*:** Use Schedule A to figure your itemized deductions.

- Resident aliens who itemize can deduct part of their medical and dental expenses and unreimbursed employee business expenses; amounts they paid for certain taxes, interest, charitable contributions, and miscellaneous expenses; and certain casualty and theft losses. Schedule A for Form 1040 is attached as a separate form.
- Nonresident aliens who itemize can deduct amounts paid for state and local income taxes, gifts to US charities, part of their unreimbursed employee business expenses and miscellaneous expenses, and certain casualty and theft losses. Schedule A is found on page 3 of Form 1040NR. There is no separate form to attach.

**[Schedule B](#), *Interest and Dividend Income*:** If you are a resident alien, use Schedule B to report all of your taxable interest and dividend income. If you are a nonresident alien, do not use Schedule B; instead, report your taxable interest and dividends on page 4 of Form 1040NR (Schedule NEC). Interest from a US bank, credit union, or similar institution earned by a nonresident alien is generally not subject to federal income tax.

**[Schedule C](#), *Profit or Loss from Business*:** Use Schedule C to report income and expenses from self-employment. If you are paid through a contract agreement, you are considered self-employed.

**[Schedule D](#), *Capital Gains and Losses*:** If you are a resident alien, use Schedule D to report the sale or exchange of capital assets such as stock or business property. If you are a nonresident alien, only use Schedule D to report the sale or exchange of capital assets that are effectively connected with a US business or the sale or exchange of an interest in US real property. You should report other sales or exchanges of capital assets from sources within the US and not effectively connected with a US business on page 4 of Form 1040NR.

**\*\*\* New for 2011:** In most cases, you must report your capital gains and losses on new Form 8949 and report the totals on Schedule D.

**[Schedule SE](#), *Self-Employment Tax*:** Net earnings from self-employment are subject to self-employment (SE) tax in addition to federal income tax. SE tax is paid by self-employed individuals in lieu of the FICA tax paid by employees. Use Schedule SE to figure the tax due on net earnings from self-employment. If you are a resident alien and are paid through a contract agreement with the NIH, you must pay SE tax on your net earnings. Nonresident aliens are not liable for SE tax.

**[Form 2106, Employee Business Expenses](#):** Use Form 2106 to report the details of unreimbursed business expenses and/or travel expenses that you itemize on Schedule A.

**[Form 2441, Child and Dependent Care Expenses](#):** If you meet certain requirements, you can claim a tax credit for child and dependent care expenses. Use Form 2441 to compute the tax credit and report amounts that you paid to someone to care for your child or other dependent so you (and your spouse if filing jointly) could work or look for work.

**[Form 3903, Moving Expenses](#):** Use Form 3903 to figure your moving expense deduction to the US or within the US. This deduction is available to resident and nonresident aliens who are either employees or self-employed. Deductible moving expenses include travel expenses and the cost of moving your household goods and personal effects.

**[Form 8833, Tax Treaty Return Position Disclosure](#):** This form is sometimes required to explain the provisions of a tax treaty benefit. You must complete and attach Form 8833 to Form 1040NR or Form 1040 if you take the position that a treaty of the US overrules or otherwise modifies a US tax law (a treaty-based position) and that position reduces your tax. **Exception:** This requirement is waived and Form 8833 need not be filed if a treaty position reduces or modifies the taxation of income derived by students, trainees, or teachers. This includes taxable scholarship and fellowship grants.

**[Form 8843, Statement for Exempt Individuals](#):** Use this form to explain the basis of your claim that you can exclude days of presence in the US for purposes of the substantial presence test. All “exempt” individuals (including “F” and “J” visa holders who have not met the substantial presence test) must attach Form 8843 to Form 1040NR.

## State Tax Reporting Forms

Each state also publishes its own annual tax booklet, which includes forms and instructions. The following are the tax return forms for Maryland, DC, Virginia, North Carolina, Montana, and Arizona:

### Maryland

- **[Form 502, Maryland Resident Income Tax Return](#):** This form is used to report the income of Maryland full-year and part-year residents.
- **[Form 505, Maryland Tax Return \(Nonresident Individual\)](#):** This form is used to report the income of Maryland nonresidents who receive income from sources in Maryland.
- **[Form 502E, Maryland Application for Extension of Time to File Personal Income Tax Return](#):** This form is used to request an automatic extension of time to file your Maryland tax return. It is not an extension of time to pay your taxes. Maryland honors the federal extension Form 4868 so that you need only file Maryland Form 502E if you are making a tax payment with the extension request, or if you are not filing a federal extension.

### District of Columbia

- **[Form D-40, Individual Income Tax Return](#):** This form is used to report the income of DC full-year and part-year residents. There is no tax return required for DC nonresidents.
- **[Form FR-127, Extension of Time to File a DC Income Tax Return](#):** This form is used to request an extension of time to file DC Form D-40. It is not an extension of time to pay your taxes. Form FR-127 must be filed to request an extension even if a payment is not due.

## Virginia

- **[Form 760](#), *Individual Income Tax Return***: This form is used to report the income of full-year Virginia residents.
- **[Form 760PY](#), *Virginia Part-Year Resident Income Tax Return***: This form is used to report the income of part-year Virginia residents.
- **[Form 763](#), *Virginia Nonresident Income Tax Return***: This form is used to report the income of Virginia nonresidents who receive income from sources in Virginia.
- **[Form 760IP](#), *Virginia Automatic Extension Payment Voucher for Individuals***: This form is used to make a payment of tax if you are filing your Virginia tax return after its due date. It is only used to make extension payments. Because Virginia automatically grants all taxpayers a six-month extension of time to file their tax returns, there is no form required to request an extension.

## North Carolina

- **[Form D-400](#), *Individual Income Tax Return***: This form is used to report the income of North Carolina full-year residents, part-year residents, and nonresidents.
- **[Form D-410](#), *Application for Extension for Filing Individual Income Tax Return***: This form is used to request an extension of time to file NC Form D-400. It is not an extension of time to pay your taxes. Form D-410 must be filed to request an extension even if a payment is not due.

## Montana

- **[Form 2](#), *Montana Individual Income Tax Return***: This form is used to report the income of Montana full-year residents, part-year residents, and nonresidents.
- **[Form-IT](#), *Montana Individual Income Tax Payment Voucher***: This form is used to make an extension payment if you are filing your Montana tax return after its due date. Use [Form EXT-11](#) to compute your tentative tax due. Beginning with the 2010 tax year, Montana automatically grants taxpayers a six-month extension of time to file their tax returns without having to apply for a federal extension. There is no form required to request an extension.

## Arizona

- **[Form 140](#), *Resident Personal Income Tax Return***: This form is used to report the income of full-year Arizona residents.
- **[Form 140PY](#), *Part-Year Resident Personal Income Tax Return***: This form is used to report the income of part-year Arizona residents.
- **[Form 140NR](#), *Resident Personal Income Tax Return***: This form is used to report the income of Arizona nonresidents who receive income from sources in Arizona.

For what forms to use to make state estimated tax payments, see the section on [Estimated Tax Payments](#).

## ***HOW TAXES ARE PAID***

**Pay-as-you-go.** You are required to pay federal and state taxes throughout the year as you receive your income. The NIH is required to withhold federal taxes from your income and deposit it with the US Treasury. The federal tax withheld is not your actual tax liability. You will calculate your actual tax on [Form 1040NR](#) or [Form 1040](#). You report the tax withheld on your tax return as a tax payment.

### ***Federal Tax Withholding Rules for Visiting Foreign Scientists at the NIH***

The NIH must follow certain rules in determining how much tax to withhold from your pay.

**Fellowship Grant Recipients:** The federal withholding rate for fellowship grants paid to nonresident aliens is 14%. The total amount of tax withheld for the calendar year is reported to you on [Form 1042-S](#). If you are a nonresident alien entitled to a tax treaty benefit, you may be exempt from federal tax withholding. You must submit [Form W-8BEN](#) to the NIH to claim the withholding exemption.

**Wage Recipients:** If you are a wage recipient, you will be asked to complete [Form W-4](#) for federal withholding so the NIH can determine how much tax to withhold from your biweekly paycheck. The total amount of tax withheld for the calendar year is reported to you on [Form W-2](#).

Nonresident aliens must check the “Single” box on [Form W-4](#) regardless of marital status and should generally claim one withholding allowance. Exceptions apply for residents of Canada, Mexico, South Korea, and certain residents of India. If you are entitled to a tax treaty benefit, you may be exempt from federal tax withholding. You must submit [Form 8233](#) to the NIH to claim the withholding exemption.

### ***State Tax Withholding Rules for Visiting Foreign Scientists at the NIH***

**Fellowship Grant Recipients:** The NIH does not withhold state taxes from fellowship grant recipients. Because there is no withholding, you must determine if you are required to make estimated tax payments during the calendar year to meet your state tax liability.

**Wage Recipients:** The NIH withholds state taxes from all wage recipients. You will be asked to complete a withholding form for your state of residence comparable to federal [Form W-4](#).

### ***Estimated Tax Payments***

If you do not have federal or state taxes withheld you may be required to make estimated tax payments throughout the tax year. The federal forms for calculating and paying estimated taxes are:

- [Form 1040-ES\(NR\)](#) for nonresident aliens, and
- [Form 1040-ES](#) for resident aliens

These forms include vouchers for each quarterly payment, a worksheet to help you estimate your tax, and instructions on when and where to send payments. However, the NIH generally withholds federal tax from all visiting foreign scientists who do not claim a withholding exemption under a treaty benefit.

As explained above, the NIH withholds state taxes only from the payments of all visiting scientists receiving wages. The NIH does not withhold state income taxes from amounts paid to fellowship grant recipients. If you are receiving a fellowship grant, you will probably need to estimate and pay state taxes on a quarterly basis during the year. These are the forms you should use to make state estimated tax payments:

- [Maryland Form 502D](#), *Maryland Personal Declaration of Estimated Income Tax*, is a worksheet and payment form that will help you compute your Maryland estimated tax. The worksheet is also available on the Maryland website at [www.marylandtaxes.com](http://www.marylandtaxes.com). Mail [Form 502D](#) with your first estimated payment. Maryland will then send you pre-printed payment vouchers for the remaining payments if you request them by checking the box on [Form 502D](#).
- [DC Form D-40ES](#), *Estimated Payment for Individual Income Tax*, includes a worksheet and payment vouchers for making estimated payments to the District of Columbia.
- [Virginia Form 760ES](#) includes a worksheet and payment vouchers for making estimated payments to Virginia.
- [North Carolina Form NC-40](#) includes a worksheet and payment vouchers for making estimated payments to North Carolina.
- [Montana Form ESW](#), *Montana Individual Estimated Income Tax Worksheet*, is a worksheet that will help you compute your Montana estimated tax. Use [Form-IT](#), *Montana Individual Income Tax Payment Voucher*, to make your estimated tax payments.
- [Arizona Form 140ES](#), *Individual Estimated Income Tax Payment*, includes a worksheet and payment vouchers for making estimated payments to Arizona.

Tax payments are estimated for the calendar year and payable quarterly (four times per year) on the following due dates for 2011:

<b>April 17, 2012</b>	pay 1/4 of yearly estimated taxes for the first quarter of 2012
<b>June 15, 2012</b>	pay 1/4 of yearly estimated taxes for the second quarter of 2012
<b>September 17, 2012</b>	pay 1/4 of yearly estimated taxes for the third quarter of 2012
<b>January 15, 2013</b>	pay 1/4 of yearly estimated taxes for the fourth quarter of 2012

You should take into consideration all anticipated income and deductions for the tax year when computing estimated tax. If you fail to make estimated payments, you could be subject to interest and/or penalties in addition to the tax you owe. You could also find yourself owing a large tax bill when you file your tax return.

**Note:** If you are paid by Courtesy Associates, you will not have any federal or state taxes withheld.

**Tax Withholding/Estimated Payments Are Not Your Final Tax.** The tax you have withheld or the estimated tax payments you make during the year may not completely satisfy your tax obligations. You must still prepare and file your annual federal and state income tax returns by the due date.

If the taxes you paid through withholding or estimated payments exceed your calculated tax liability, you will receive a refund of the excess amount.

If the taxes you paid through withholding or estimated payments are less than your calculated tax liability, you must pay the balance due with your tax return.

You must still file a tax return even if you are exempt from federal tax and withholding because of a tax treaty benefit.

## ***HOW INCOME IS REPORTED TO YOU***

Between January 1 and March 15, 2012, the NIH will provide you with tax documents that report the amount of income paid to you and the amount of tax withheld during 2011. Copies of these documents are also provided to the federal and state taxing authorities. When you file your tax returns, the IRS and the state will match the amount of income you report on your tax returns with the amount of income reported to them by the NIH.

The income reporting tax document you receive depends on the type of income paid to you.

**Fellowship Grant Recipients:** You should receive **Form 1042-S, *Foreign Person's US Source Income Subject to Withholding***, from the NIH by March 15, 2012. Form 1042-S reports the amount of the fellowship grant paid to you and the federal taxes withheld during 2011. See next page.

**Visiting Scientists (and other wage recipients):** You should receive **Form W-2, *Wage and Tax Statement***, from the NIH by January 31, 2012. Form W-2 reports the amount of wages paid to you and the federal and state taxes withheld during 2011. See next page.

### **Other tax documents you may receive that report income include:**

**Form 1099-MISC, *Miscellaneous Income*:** This form reports miscellaneous income such as nonemployee compensation paid to you during the calendar year.

**Form 1099-INT, *Interest Income*:** This form reports interest income paid to you during the calendar year. Some types of interest income such as bank deposit interest are not taxable to nonresident aliens.

**Form 1099-DIV, *Dividends and Distributions*:** This form reports dividend income paid to you during the calendar year.

**Form 1099-G, *Certain Government Payments*:** This form reports various government payments, including state income tax refunds.

***IMPORTANT!*** You need to know what type of income you are receiving from the NIH. The US tax law treats a fellowship grant differently than income paid to you for providing services (*i.e.*, wages). A fellowship grant is generally not considered to be “earned income”. Grant recipients at the NIH are not considered to be providing services and, therefore, are not considered to be employees. This can make a difference in applying certain tax rules.

The following tax rules apply to NIH Visiting Fellows (and other grant recipients who are not providing services):

- Moving expenses are not deductible. You must be an employee or self-employed to deduct moving expenses (other restrictions apply).
- Contributions to an IRA (individual retirement account) are not allowed unless you have earned income.
- The tax credit for child care expenses is not allowed unless earned income is present.
- Since fellowship grants are not considered earned income, they are not subject to Social Security and Medicare taxes.

# Guide to Preparing Your 2011 Income Tax Returns

a Employee's social security number		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile			
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld		
		5 Medicare wages and tips	6 Medicare tax withheld		
		7 Social security tips	8 Allocated tips		
d Control number		9	10 Dependent care benefits		
e Employee's first name and initial Last name Suffix		11 Nonqualified plans			
		12a See instructions for box 12			
		12b			
		12c			
f Employee's address and ZIP code		13 <input type="checkbox"/> Salaried employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay	12d		
		14 Other			
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2 Wage and Tax Statement** **2011** Department of the Treasury—Internal Revenue Service  
**Copy B—To Be Filed With Employee's FEDERAL Tax Return.**  
 This information is being furnished to the Internal Revenue Service.

Form <b>1042-S</b>		<b>Foreign Person's U.S. Source Income Subject to Withholding</b>		<b>2011</b>		OMB No. 1545-0006	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> AMENDED <input type="checkbox"/> PRO-RATA BASIS REPORTING				<b>Copy B for Recipient</b>	
1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 Federal tax withheld	8 Withholding by other agents
10 Amount repaid to recipient				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
11 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				15 Recipient's foreign tax identifying number, if any		16 Country code	
12a WITHHOLDING AGENT'S name				17 NQI's/FLOW-THROUGH ENTITY'S name		18 Country code	
12b Address (number and street)				19a NQI's/Entity's address (number and street)			
12c Additional address line (room or suite no.)				19b Additional address line (room or suite no.)			
12d City or town, province or state, country, ZIP or foreign postal code				19c City or town, province or state, country, ZIP or foreign postal code			
13a RECIPIENT'S name			13b Recipient code	20 NQI's/Entity's U.S. TIN, if any ▶			
13c Address (number and street)				21 PAYER'S name and TIN (if different from withholding agent's)			
13d Additional address line (room or suite no.)				22 Recipient account number (optional)			
13e City or town, province or state, country, ZIP or foreign postal code				23 State income tax withheld	24 Payer's state tax no.	25 Name of state	

For Privacy Act and Paperwork Reduction Act Notice, see page 17 of the separate instructions. Cat. No. 11380R Form **1042-S** (2011)

## ***SUMMARY OF FEDERAL TAX RULES FOR NONRESIDENT ALIENS***

A nonresident alien is an individual who does not meet either the green card test or the substantial presence test. Nonresident aliens must file **Form 1040NR** or, if qualified, **Form 1040NR-EZ**. The following rules apply to all nonresident alien tax returns:

**Filing Status** – If you are filing as a nonresident alien, you are generally limited to using one of the following filing status categories: single nonresident alien, married nonresident alien, or qualifying widow(er). If you are married, you must file a separate tax return from your spouse. You cannot use the joint filing status unless your spouse is a US citizen or resident and you choose to be treated as a resident. You also cannot use the head of household filing status. Special exceptions apply to residents of Canada, Mexico, and South Korea and to US nationals.

**Personal Exemptions** – Generally, you can claim only one personal exemption. The federal personal exemption amount for 2011 is \$3,700. The full exemption amount is allowed even if you have only been present in the US for part of the tax year. If you are a resident of Canada, Korea, Mexico, or India, you may be entitled to additional exemptions. See the section on [Tax Treaty Benefits](#) for more information.

**Nonresidents are generally taxed only on US-Source Income** – You are taxed on income *effectively connected with a US trade or business* at the same graduated rates as US citizens and residents. However, any US-source investment income (*income not effectively connected with a US trade or business*) is taxed at a flat 30% rate unless that rate is reduced by a tax treaty. Some types of US income such as bank deposit interest are tax-exempt. Capital gains are not taxable to nonresident aliens who are present in the US for less than 183 days during the calendar year.

**Tax treaties may offer a reduced rate of, or complete exemption from, US income tax** – A nonresident alien (and certain resident aliens) from a country with which the US has an income tax treaty may qualify for certain benefits. Income covered by treaty benefits may include personal services income, scholarships and fellowship grants, dividends, interest, and capital gains as well as other types of income. Most treaties require that the nonresident alien be a resident of the treaty country to qualify. However, some treaties require that the nonresident alien be a national or citizen of the treaty country.

**Special rule for dual-resident taxpayers** – The rules that determine if you are a US resident for tax purposes do not override tax treaty definitions of residency. If you are a resident of both the US and another country under each country's tax laws, you are considered a dual-resident taxpayer. If you are a dual-resident taxpayer, you can still claim treaty benefits if the tax treaty between the US and the other country contains a provision for resolving conflicting claims of residence. If you are treated as a resident of a foreign country under a tax treaty, you are treated as a nonresident alien in determining your US income tax. A dual-resident taxpayer should file as a nonresident alien on Form 1040NR and attach Form 8833.

**Adjustments available to nonresident aliens** – The following are adjustments on your tax return that, if applicable, reduce your gross income to determine your adjusted gross income (AGI):

- **IRA Deduction** – A deduction is available for a contribution you make to a traditional individual retirement account (IRA). It does not include amounts contributed to a Roth IRA or through an employer-sponsored retirement plan (*e.g.*, a 401(k) or 403(b) plan). For 2011, you can contribute up to \$5,000 to an IRA. If you are over age 50, you can contribute an additional \$1,000. You must have earned income to make an IRA contribution. Other restrictions also apply.
- **Student Loan Interest Deduction** – If your filing status is “Single”, you can deduct interest up to \$2,500 for amounts you paid on a qualified student loan. Other restrictions also apply.

- **Moving Expenses** – Moving expenses are available for nonresident aliens who are *employees* of NIH. You cannot deduct moving expenses if you are not an employee. Report your moving expenses on Form 3903.
- **Self-Employed Health Insurance Payments** – If you are self-employed and had a net profit, you may be able to deduct amounts you paid for health insurance for yourself, your spouse, and your dependents. You cannot take this deduction if you are also eligible to participate in any subsidized health plan maintained by your or your spouse's employer. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.
- **Self-Employed SEP, SIMPLE, and Qualified Plans** – If you are self-employed, you may be able to take a deduction for contributions to these retirement plans that are available to self-employed individuals. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.
- **Penalty on Early Withdrawal of Savings** – You can deduct the amount of penalty you pay for the early withdrawal of savings or certificates of deposit.
- **Educator Expenses** – Eligible educators may deduct up to \$250 for classroom expenses paid during the tax year.
- **Scholarship and Fellowship Grants Excluded** – If you are a degree candidate and have been awarded a scholarship or fellowship grant that is includible as income, you can deduct the portion that is used for tuition, books, and fees. Visiting Fellows at the NIH are not candidates for a degree.
- **Health Savings Account (HSA) Contribution** – You may be able to deduct contributions you made to an HSA in 2011. This deduction does not apply to employer contributions, rollovers, and qualified HSA funding distributions from an IRA.
- **Deductible part of self-employment tax** -- If you were self-employed and owe self-employment tax, a portion of your self-employment tax is deductible. See Schedule SE (Form 1040) to figure the amount of your deduction. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.

**Itemized Deductions Available to Nonresident Aliens** – Nonresident aliens **must** itemize their deductions and report them on **Schedule A**. The standard deduction cannot be claimed by nonresident aliens, except for students and trainees who are residents of India eligible for tax treaty benefits.

The following are itemized deductions available to nonresident aliens to reduce their adjusted gross income:

- **State and Local Income Taxes** – You can deduct state and local income taxes that were withheld from your income or otherwise paid by you during the tax year.
- **Contributions** – You can deduct contributions or gifts you gave to US qualified charitable organizations during the tax year. Refer to the [Instructions to Form 1040NR](#) for more information.
- **Casualty and Theft Losses** – You may be able to deduct part or all of a loss to property caused by theft, accidents, or disasters. Special rules apply. Refer to the [Instructions to Form 1040NR](#) and [Form 4684](#) for more information.

- **Job Expenses and Certain Miscellaneous Deductions** – You can only deduct miscellaneous deductions to the extent they are directly related to your effectively connected income, such as your income from the NIH. These deductions include tax preparation fees as well as travel expenses for business trips and other unreimbursed job expenses. If your stay in the US is for one year or less and you meet certain IRS rules, your appointment at the NIH may qualify as a business trip. You can deduct only the part of the expenses that exceeds 2% of your AGI.
- **Other Miscellaneous Deductions**

**Tax Credits Available to Nonresident Aliens** – As a nonresident alien, you can claim some of the same credits that resident aliens can claim. Credits are allowed only if you receive effectively connected income. You may be able to claim some of the following credits:

- **Foreign Tax Credit** – You may claim a credit, subject to certain limits, against your US tax for income tax you paid or accrued to a foreign country on foreign-source income that is effectively connected to a trade or business in the US. If you do not have foreign-source income that is effectively connected to a trade or business in the US, you cannot claim credits against your US tax for income tax you paid or accrued to a foreign country. You may not claim a credit for taxes paid on excluded income. Use [Form 1116](#) to compute the tax credit. Refer to the [Instructions to Form 1116](#) for more information.
- **Credit For Child and Dependent Care Expenses** – If you meet certain requirements, you can claim a tax credit for child and dependent care expenses that you paid to someone to care for your qualifying child under age 13 or other dependent so you could work or look for work. Married nonresident aliens can claim the credit only if they choose to file a joint return with a US citizen or resident alien spouse. The credit can only be computed on *earned income*. Fellowship grants from the NIH do not qualify as earned income. Use [Form 2441](#) to compute the tax credit. Refer to the [Instructions to Form 2441](#) for more information.
- **Education Credits** – If you are a nonresident alien for any part of the year, you generally cannot claim the education credits. However, you may be eligible if you are married and elect to file a joint return with a US citizen or resident alien spouse. If eligible, you may be able to claim one of three available education credits for qualified expenses that you paid during the tax year for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution. Other restrictions also apply. Use [Form 8863](#) to compute the tax credit. Refer to the [Instructions to Form 8863](#) and [IRS Publication 970](#) for more information.
- **Child Tax Credit** – If you have one or more qualifying children, you may be able to claim a child tax credit up to \$1,000 for each qualifying child. Among other qualifications, the child must be claimed as your dependent and be under age 17 at the end of the year. Only residents of Canada, Mexico and South Korea and US nationals can claim exemptions for their dependents on Form 1040NR. However, being a resident of Canada, Mexico or South Korea is not sufficient. Income limitations apply. Refer to [IRS Publication 972](#) for more information.

## ***SUMMARY OF FEDERAL TAX RULES FOR RESIDENT ALIENS***

If you meet the green card test or the substantial presence test, you qualify as a resident alien and are taxed on your worldwide income. You must file your tax return as a US resident. Resident aliens must file **Form 1040** or, if qualified, **Form 1040A** or **Form 1040EZ**. The following rules apply to all resident aliens filing Form 1040:

**Filing Status** – As a resident alien, you may use any of the filing status categories available to US citizens. In addition to the filing statuses available to nonresident aliens, qualifying taxpayers may also use the head of household filing status. If you are married, you may use the married filing jointly filing status and file one tax return together with your spouse. You are not restricted to filing separate returns. However, if your spouse is a nonresident alien, you cannot file a joint return unless you choose to treat your nonresident spouse as a US resident. This choice is made by attaching a statement signed by both you and your spouse to your joint return for the first tax year for which the choice applies.

**Personal and Dependent Exemptions** – As a resident alien, you may claim personal exemptions and exemptions for dependents according to the dependency rules for US citizens. The amount for each personal and dependent exemption for 2011 is \$3,700. If you are married, you may claim an additional personal exemption for your spouse. If you file a separate return, you can still claim an exemption for your spouse if your spouse had no gross income for US tax purposes and was not the dependent of another taxpayer. An individual for whom you claim a dependent exemption must be either a qualifying child or a qualifying relative. See [IRS Publication 501](#) for more information.

Each person for whom you claim an exemption on your tax return must have either a social security number or a personal tax identification number. For more information, refer to the section on Identifying Numbers under [Federal Tax Information](#).

**Adjustments available to resident aliens** – The following are some of the more common adjustments on your tax return that, if applicable, reduce your gross income to determine your adjusted gross income (AGI):

- **IRA Deduction** – A deduction is available for a contribution you make to a traditional individual retirement account (IRA). It does not include amounts contributed to a Roth IRA or through an employer sponsored retirement plan (e.g., a 401(k) or 403(b) plan). For 2011, you can contribute up to \$5,000 to an IRA. If you are over age 50, you can contribute an additional \$1,000. You must have earned income to make an IRA contribution. Other restrictions also apply.
- **Student Loan Interest Deduction** – You can deduct interest up to \$2,500 for amounts you paid on a qualified student loan. Other restrictions also apply.
- **Moving Expenses** – Moving expenses are available for resident aliens who are *employees* of NIH. You cannot deduct moving expenses if you are not an employee. Report your moving expenses on Form 3903.
- **Deductible part of self-employment tax** -- If you were self-employed and owe self-employment tax, a portion of your self-employment tax is deductible. See Schedule SE (Form 1040) to figure the amount of your deduction. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.

- **Self-Employed Health Insurance Payments** – If you are self-employed and had a net profit, you may be able to deduct amounts you paid for health insurance for yourself, your spouse, and your dependents. You cannot take this deduction if you are also eligible to participate in any subsidized health plan maintained by your or your spouse's employer. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.
- **Self-Employed SEP, SIMPLE, and Qualified Plans** – If you are self-employed, you may be able to take a deduction for contributions to these retirement plans that are available to self-employed individuals. Grant recipients and NIH employees receiving wages do not qualify as self-employed. However, if you are paid through a contract agreement with the NIH, you are considered self-employed.
- **Penalty on Early Withdrawal of Savings** – You can deduct the amount of penalty you pay for the early withdrawal of savings or certificates of deposit.
- **Alimony Paid** – You may be able to deduct payments you make to or for your spouse or former spouse under a divorce or separation instrument. Payments that qualify as alimony for tax purposes are deductible by the payer spouse and taxable to the payee spouse. The alimony recipient must have a US social security number.
- **Educator Expenses** – Eligible educators may deduct up to \$250 for classroom expenses paid during the tax year.
- **Tuition and Fees Deduction** – Qualifying taxpayers are allowed to deduct qualified higher education expenses paid, subject to restrictions.
- **Health Savings Account (HSA) Contribution** – You may be able to deduct contributions you made to an HSA in 2011. This deduction does not apply to employer contributions, rollovers, and qualified HSA funding distributions from an IRA.

**Deductions** – As a resident alien, you can choose to either itemize your deductions or claim the standard deduction. You can use whichever method gives you the lower tax.

If you do not elect to itemize your deductions, you may instead deduct from your adjusted gross income (AGI) an inflation-adjusted basic standard deduction to determine your taxable income. The amount of the standard deduction varies depending on filing status, age, blindness, and dependency. The standard deduction in 2011 is \$5,800 for single taxpayers, \$11,600 for married taxpayers filing jointly, \$5,800 for married taxpayers filing separately, and \$8,500 for taxpayers filing as heads of household. Additional rules apply for taxpayers who can be claimed as a dependent on another person's return and taxpayers who are age 65 or over and/or blind.

The following itemized deductions are available to resident aliens and are reported on Schedule A of Form 1040. Some of these deductions are subject to a number of restrictions and limitations. Refer to the [Instructions to Form 1040](#) and Schedule A for more information.

- **Medical and Dental Expenses** – You can deduct the amount of your medical and dental expenses you paid during the tax year that exceeds 7.5% of your adjusted gross income.
- **Taxes** – You can deduct state and local income taxes, real estate taxes, personal property taxes, and certain other taxes you paid during the tax year. State and local income taxes withheld from payments you receive from the NIH are deductible, as are state estimated tax payments you make during the year. Amounts withheld for federal income tax, Social Security tax, and Medicare tax are not deductible, nor are federal estimated tax payments.

- **Interest** – You can deduct interest you paid on a loan secured by your residence (home mortgage interest) and interest you paid on money borrowed to buy property for investment.
- **Contributions** – You can deduct cash and noncash contributions or gifts you gave to US qualified charitable organizations during the tax year.
- **Casualty and Theft Losses** – You may be able to deduct part or all of a loss to property caused by theft, accidents, or disasters. Special rules apply. Refer to the [Instructions to Form 4684](#) for more information.
- **Job Expenses and Certain Miscellaneous Deductions** – You can deduct miscellaneous deductions to the extent they are directly related to your income, such as your income from the NIH. These deductions also include tax preparation fees, travel expenses for business trips, and unreimbursed employee expenses. You can deduct only the amount of these expenses that exceeds 2% of your AGI.
- **Other Miscellaneous Deductions**

**Tax Credits** – As a resident alien you may be entitled to tax credits, including the following:

- **Foreign Tax Credit** – You may claim a credit, subject to certain limits, for income tax you paid or accrued to a foreign country on foreign-source income. You may not claim a credit for taxes paid on excluded income. Use [Form 1116](#) to compute the tax credit. Refer to the [Instructions to Form 1116](#) for more information.
- **Credit for Child And Dependent Care Expenses** – If you meet certain requirements, you can claim a tax credit for child and dependent care expenses that you paid to someone to care for your qualifying child under age 13 or other dependent so you (and your spouse if filing jointly) could work or look for work. The credit can only be computed on *earned income*. Fellowship grants from the NIH do not qualify as earned income. Use [Form 2441](#) to compute the tax credit. Refer to the [Instructions to Form 2441](#) for more information.
- **Education Credits** – If you meet certain requirements, you can claim a tax credit for child and dependent care expenses that you paid to someone to care for your qualifying child under age 13 or other dependent so you could work or look for work. Married nonresident aliens can claim the credit only if they choose to file a joint return with a US citizen or resident alien spouse. The credit can only be computed on *earned income*. Fellowship grants from the NIH do not qualify as earned income. Use [Form 8863](#) to compute the tax credit. Refer to the [Instructions to Form 8863](#) and [IRS Publication 970](#) for more information.
- **Child Tax Credit** – If you have one or more qualifying children, you may be able to claim a child tax credit up to \$1,000 for each qualifying child. The child must be claimed as your dependent, be under age 17, and be a US citizen, resident alien, or national. Income limitations apply. Refer to [IRS Publication 972](#) for more information.

## ***Dual-Status Tax Year***

You have a dual-status tax year when you are both a resident alien and a nonresident alien in the same tax year. This usually occurs in the year you arrive in or depart from the US. However, if you qualify as an exempt individual because you are in the US under a “J” or “F” visa, you will usually not be a dual-status taxpayer in your year of arrival.

Dual-status refers only to your resident status in the US. It does not refer to your citizenship.

The following is an example of when an individual may have a dual-status tax year:

- Sam Burns, an “H” visa holder, was not present in the US during 2010. Sam arrives in the US on April 1, 2011 and stays throughout the remainder of the calendar year, thereby meeting the substantial presence test. Sam is a nonresident alien from January 1, 2011 through March 31, 2011 (before arriving in the US), and a resident alien from April 1, 2011 through December 31, 2011.

If Sam arrived in the US on August 1, 2011, he would not meet the substantial presence test. Sam is a nonresident alien for 2011.

In determining your US income tax liability for a dual-status tax year, different rules apply for the part of the year you are a resident of the US and the part of the year you are a nonresident. For the part of the year you are a resident alien, you are taxed on your worldwide income. For the part of the year you are a nonresident alien, you are taxed only on income from US sources.

The following restrictions apply if you are filing a tax return for a dual-status year:

- **Filing Status and Tax Rates** – You cannot use the head of household filing status and tax rate schedule, nor can you file a joint return with your spouse unless you can choose resident alien status. If you are married and are a nonresident alien for all or part of the year, you must use the tax rate schedule for married filing separately or single unless you can choose to file jointly.
- **Standard Deduction** – You cannot use the standard deduction. As a dual-status taxpayer, you must itemize any allowable deductions. You will have different allowable deductions for each part of the year. Report deductions during the period you are a nonresident on Schedule A, Form 1040NR. Report deductions during the period you are a resident on Schedule A, Form 1040.
- **Personal Exemptions** – As a dual-status taxpayer, you will be able to claim your own personal exemption. Subject to the dependency rules, 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 period you are a resident alien. Do not prorate your exemptions.

The US income tax form you must file as a dual-status alien depends on your resident status at the end of the year:

- **Resident at the end of the year** – You must file Form 1040 if you are a dual-status taxpayer who becomes a resident during the year and who is a US resident on the last day of the tax year. Write “Dual-Status Return” across the top of the return. Attach a statement to your return to show the income for the part of the year you are a nonresident. You can use Form 1040NR or Form 1040NR-EZ as the statement, but be sure to mark “Dual-Status Statement” across the top.
- **Nonresident at the end of the year** – You must file Form 1040NR or Form 1040NR-EZ if you are a dual-status taxpayer who gives up residence in the US during the year and who is not a US resident on the last day of the tax year. Write “Dual-Status Return” across the top of the return. Attach a statement to your return to show the income for the part of the year you are a resident. You can use Form 1040 as the statement, but be sure to mark “Dual-Status Statement” across the top.
- **Statement** – Any statement must have your name, address, and taxpayer identification number on it. You do not need to sign a separate statement or schedule accompanying your return, because your signature on the return also applies to the supporting statements and schedules.

See [IRS Publication 519](#) for more information.

## *Last Year of Residency*

If you are a US resident in 2011, but are not a US resident during any part of 2012, you cease to be a US resident on your residency termination date. Your residency termination date is December 31, 2011, unless you qualify for an earlier date. If the last day you are present in the US is earlier than December 31, you can use that as your residency termination date if you:

- Had a closer connection to a foreign country than to the US for the rest of the calendar year, and
- Your tax home was in that foreign country during the rest of the calendar year.

If you are a US resident because of the substantial presence test and you qualify to use the earlier residency termination date, you can exclude up to 10 days of actual presence in the US in determining your residency termination date. However, you must still include these days when determining whether you meet the substantial presence test.

If you terminate your US residency prior to December 31, you must file a residency termination statement with the IRS. This statement must be filed with your tax return or, if you are not required to file a tax return, with the IRS Center in Austin, TX. See [IRS Publication 519](#) for details regarding what information must be included in the residency termination statement.

If you leave the US temporarily and do not abandon your residence, you keep your resident alien status even while abroad.

## ***TAX TREATY BENEFITS***

The United States has income tax treaties with more than 50 foreign countries. Under these treaties, residents (not necessarily citizens) of foreign countries are taxed at a reduced rate, or are exempt from US income taxes on certain items of income they receive from sources within the United States. These reduced rates and exemptions vary among countries and specific items of income.

Treaty agreements generally apply to individuals who are nonresident aliens in the US according to the substantial presence test and tax residents of the treaty country. Articles within the treaties define the taxation of different types of income. Most treaties include articles that define the taxation of visiting students, trainees, researchers, and teachers. You must meet all of the qualifications stated in a treaty article in order to claim the benefits of the tax treaty.

**Country of Residence** – You must be a tax resident of the treaty country on your date of arrival or immediately before coming to the US. All treaties include articles that define residence. Residency status is not necessarily determined by citizenship. You may be a citizen of one country and a tax resident of another country. If you have been present as a student in a country where you are not a citizen or legal resident, you *may or may not* be considered a tax resident of that country. You should know the tax residency rules of that country in order to determine your residency status.

**Purpose of Visit** – The type of visa that an individual holds generally denotes the purpose of the visit to the US. An individual with a “J-1” visa will typically be present in the US as a professor, teacher, researcher, student, or trainee. An individual with an “F-1” visa is present in the US as a student. “J-2” and “F-2” visa holders generally do not qualify to claim treaty benefits.

**Place Where You are Performing Your Work** – The treaty article will specify the place where your research work can be performed. The NIH is considered to be a governmental, scientific, research institution. When interpreting treaty provisions, it is important to understand that the NIH is not considered to be a university or an educational institution.

**Type of Income** – Treaty articles specify the types of payments that qualify for exemption from tax. You must know if your income is wages for services performed; payment of a grant, allowance, or award; or payment for independent personal services (honorarium or contract agreement).

**Duration of Stay in the US** – Most tax treaties impose restrictions on the duration of time you are eligible to stay in the US and claim the benefits of a particular treaty article. Your treaty start date is generally the date you arrive in the US for the purpose of your visit.

### ***Determining Your Treaty Eligibility***

Treaty provisions vary considerably among different countries. As explained above, each treaty article contains specific qualifications that must be met. It may be beneficial for you to obtain a copy of the actual text of your tax treaty. See [Table I](#) in the Appendix for links to tax treaties and the US Treasury Department’s technical explanations. See also [IRS Publication 901](#) for a summary of some of the treaty benefit articles. Treaty law books are also available in most public libraries.

**Tax Treaty Benefits for Visiting Fellows:** Treaty benefits for Visiting Fellows and grant recipients are generally included in the articles that apply to “Students and Trainees”. Most treaties extend the Student/Trainee benefits to include researchers who are performing public research at a governmental, scientific organization and receiving a “grant, allowance, or award” as the type of payment. The Student/Trainee tax treaty benefit for scholarships or fellowship grants is generally available for five years, although some treaties may have lower or higher limits.

See [Table II](#) in the Appendix for a list of treaties that contain provisions for Visiting Fellows and other grant recipients.

**Tax Treaty Benefits for Visiting Scientists:** Treaty benefits for Visiting Scientists and other wage recipients are included in the articles that apply to “Professors and Teachers”. These benefits are generally available for two or three years from the date of arrival. In many cases, other restrictions apply. For example, the treaty will generally state whether or not the “Student/Trainee” article and the “Professor/Teacher” article can be used consecutively. In many treaties, the Professor/Teacher article can be used only once. The individual does not have to be a former or current professor or teacher; however, the treaty must state that the benefits are available for research performed for a public research institution. It is important to understand that the IRS does not consider the NIH to be an educational institution. Many treaties require that the research be performed specifically at a university or other educational institution.

See [Table III](#) in the Appendix for a list of treaties that contain provisions for Visiting Scientist wage recipients.

## *Personal Services Treaty Articles*

If you are paid according to a contract agreement, you may be entitled to a treaty exemption under the provisions for “Personal Services Income” for income from independent personal services. Most benefits extended under these provisions are limited as to length of time present in the US (typically no more than 183 days) and/or the maximum amount of income that can be received. You must qualify as a nonresident alien of the US. The exception to the saving clause does not apply. If you are a Visiting Scientist who is a resident of a treaty country that does not have a special provision for Professors and Teachers, you may be able to qualify for a treaty benefit under the personal services income provision.

See [Table IV](#) in the Appendix for a list of treaties that contain benefits for personal service contractors.

## *Claiming a Treaty Benefit as a Resident Alien*

If you entered the US as a nonresident alien, but you are now a resident alien, you may still be able to exclude qualifying income from US tax under a tax treaty exemption that was available to you as a nonresident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate US tax on certain types of income. However, most tax treaties contain a provision known as a “**saving clause**”. Under the saving clause, each country “saves” the right to tax its own residents as if no tax treaty were in effect. For example, once you become a resident alien of the US, you generally lose any tax treaty benefits that relate to your income.

Many tax treaties have an exception to the saving clause, which may allow you to continue to claim certain treaty benefits when you become a resident alien. You should read the treaty to find out if it has a saving clause and an exception to it. Most of the treaties that extend benefits to students, trainees, teachers, and researchers include an exception to the saving clause.

If you are a resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from US tax on certain types of income, you must provide the NIH with a completed [Form W-9](#), “Request for Taxpayer Identification Number and Certification”. You should attach a statement to Form W-9 that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
- The type and amount of income that qualifies for the exemption from tax.
- Sufficient facts to justify the exemption from tax under the terms of the treaty article.

## **Example of Saving Clause Exception:**

Krystyna Duda is a Visiting Fellow from Poland in her third year of a four-year appointment. She qualifies to claim a treaty benefit under Article 18 of the US-Poland tax treaty, which exempts trainees' grant income from tax for a five-year period. Because she meets the substantial presence test, she is taxable in the US as a resident alien.

Article 5, paragraph (3) of the treaty contains a saving clause that states as follows: "Notwithstanding any provisions of this Convention except paragraph (4), a Contracting State may tax a citizen of that Contracting State or a resident (as determined under Article 4) of that Contracting State as if this Convention had not come into effect." This means that, as a resident alien taxable in the US, Krystyna would normally not be able to claim a treaty benefit, even though she qualifies. Fortunately, an exception to this saving clause is found in Article 5, paragraph (4) of the treaty, as follows: "The provisions of paragraph (3) shall not affect ... the benefits conferred by a Contracting State under Articles 17, 18, 19, and 24 upon individuals who are neither citizens of, nor have immigrant status in, that Contracting State." Since Krystyna is claiming a benefit under Article 18, she can still claim an exemption from tax for her fellowship grant.

Krystyna should provide the NIH with Form W-9 and attach a statement that includes the information described above to support her exemption.

See [Table V](#) in the Appendix for a list of treaties that contain an exception to the saving clause for residents.

## ***Treaty Benefits for State Income Taxes***

**Maryland does not recognize federal tax treaties.** If you have income that is exempt on your federal tax return because of a treaty between the US and your country of residence, you must add back this income on your Maryland tax return. Therefore, even though your income may be excluded from taxation by the federal government, residents of Maryland are required to file and pay Maryland taxes.

The District of Columbia, Virginia, North Carolina, Montana, and Arizona all recognize federal treaty agreements. No adjustment is necessary to these states' tax returns.

## ***Special Treaty Provisions for Nonresident Aliens from Specific Countries***

**Canada and Mexico** – If you are a resident of Canada or Mexico, you can claim a personal exemption for your spouse if your spouse had no gross income for US tax purposes and cannot be claimed as the dependent on another US taxpayer's return. You can claim exemptions for your children and other dependents on the same terms as US citizens. Married residents of Canada or Mexico who live apart can file as "Single" if they meet certain tests. See the [Instructions for Form 1040NR](#) for more information.

**South Korea** – If you are a resident of the Republic of Korea (South Korea), you can claim personal exemptions for your spouse and children if they live with you in the US at any time during the year. The additional deduction for these exemptions must be prorated based on the ratio of your US-source gross income to your entire income from all sources during the year. Married residents of South Korea who live apart can file as “Single” if they meet certain tests. See [IRS Publication 519](#) and the [Instructions for Form 1040NR](#) for more information.

**Note:** If all of your US income qualifies for a treaty exemption, the additional deduction for your spouse and children will not affect the amount of your federal income tax. However, if you are a Maryland resident, it will reduce your Maryland tax liability. Therefore, you should still claim these exemptions on your federal tax return so you can also claim them on your Maryland tax return.

**Barbados, Hungary, and Jamaica** – If you qualify as a student or trainee from Barbados, Hungary, or Jamaica, you may elect to be treated for tax purposes as a resident of the US. Under this rule, you may elect to be taxed in the US on your worldwide income and to claim the same deductions and personal exemptions that are available to US residents. For more information, refer to the US tax treaties with Barbados (article 20), Hungary (article 18), and Jamaica (article 21).

**India** – If you are a student or trainee from India who is eligible for the benefits of Article 21(2) of the US-India tax treaty, you may be able to claim exemptions for your spouse and dependents. You can claim an exemption for your spouse if your spouse had no gross income during the year and cannot be claimed as a dependent on another US taxpayer’s return. You can claim exemptions for each of your dependents if they meet the same rules that apply to US citizens. However, exemptions cannot be claimed for dependents admitted to the US on “F-2”, “J-2”, or “M-2” visas. If you qualify as a student or trainee from India, you can also claim the standard deduction provided you do not claim itemized deductions. See [IRS Publication 519](#) for more information.

## ***COMPENSATION FROM A FOREIGN EMPLOYER***

Nonresident aliens are generally taxed only on income from US sources. Income from foreign sources is excluded from US tax. For you to be able to exclude payments from US tax, your foreign-source income should fall into one of the following categories:

- Compensation paid to you by a foreign employer if you are temporarily present in the US under an “F”, “J”, or “Q” visa. This exemption applies to bona-fide students, scholars, trainees, teachers, professors, research assistants, specialists, or leaders in a field of specialized knowledge or skill.
- Payments for a scholarship or fellowship grant from a foreign source. The source of the grant is the residence of the payer regardless of who actually disburses the funds. Payments made by an entity designated as a public international organization under the International Organizations Immunities Act are from foreign sources.
- Remittances or allowances from a foreign source for study and maintenance in the US. Such payments may be exempt from tax by a tax treaty agreement. These benefits are generally included in the Student/Trainee articles of the treaties.

Once you become a resident alien, you become liable for US tax on your worldwide income, including income from foreign sources. However, foreign-source income in the above categories may continue to qualify for exemption from tax under a tax treaty agreement if the tax treaty’s saving clause provides an exception for it and you otherwise meet the requirements for the treaty exemption. Consult your treaty carefully to determine if you meet all qualifications.

If you are present in the US under a “J” visa and *all* of your income is from a foreign source, you will not owe any tax and you are not required to file Form 1040NR. However, you must still file **Form 8843, *Statement for Exempt Individuals***, each tax year by the due date of your tax return (including extensions), to verify your exempt individual status. If the NIH pays you *and* you receive income from a foreign employer or a foreign-source grant or allowance, you must file Form 1040NR and attach Form 8843.

## ***MAINTAINING TAX RECORDS***

You must keep records so that you can prepare a complete and accurate tax return. The law does not require any special form of records. However, you should keep all receipts, canceled checks or other proof of payment, and any other records to support any deductions or credits you claim. Keep copies of all income reporting forms (*e.g.*, Form 1042-S, Form W-2, Form 1099) and any other documents that substantiate the amounts reported on your tax return.

If you deduct car expenses and other employee business expenses such as travel, entertainment, gift, or transportation expenses, you must be able to prove certain elements of the expense. You should keep adequate records to substantiate your expenses. For records to be considered adequate, they should generally be written, such as an account book, diary, statement of expense, or similar record.

The elements you need to prove a business expense include the amount of the expense, the date you incurred the expense, where you incurred the expense, a description of the expense, and its business purpose or relationship. You do not have to write down the elements of every expense at the time of the expense. However, a record made at the time of the expense has more value than a statement prepared later. A log maintained on a weekly basis, which accounts for use during the week, is considered a record made at or near the time of the expense. You do not have to record information that duplicates information shown on a receipt as long as your records and receipts complement each other in an orderly manner.

You must keep records as long as they may be needed for the administration of any provision of the Internal Revenue Code. Records such as receipts, canceled checks, and other documents that support an item of income or a deduction appearing on your return should be kept until the statute of limitations expires for that return. Generally, the IRS has three years from the date you filed your original tax return to examine it and assess tax. You have the later of three years from the date you filed your tax return, or two years from the date you paid the tax, to file for a claim for credit or refund. Therefore, you should keep your records for at least five years from the date you file your income tax return on which the deduction is claimed or income is reported. A return filed early is considered filed on the due date. There is no statute of limitations when a return is fraudulent or when no return is filed.

Do not submit the receipts and records with your tax return. They should instead be kept in your personal files.

## ***DEDUCTING BUSINESS-RELATED TRAVEL EXPENSES***

If you travel away from your tax home for business, you may be able to deduct your ordinary and necessary expenses for transportation, meals, and lodging. Your tax home is your main place of work, and it includes the entire city or general area where you regularly conduct business. It is determined without regard to where your family home is located.

Whether or not you can deduct your business-related travel expenses depends on whether your assignment or job away from your tax home is temporary or indefinite. Travel expenses incurred on temporary assignments or jobs are deductible. Travel expenses incurred on indefinite assignments or jobs are not. To determine whether your assignment is temporary or indefinite, the following rules apply:

- Employment away from your tax home is temporary if it is realistically expected to last one year or less, and actually does last for one year or less. Expenses incurred for a temporary assignment are deductible because your tax home does not change on a temporary assignment. Thus, if you come to the NIH for an appointment of one year or less, and you also have a regular job in your country (*i.e.*, you maintain a tax home in your country), then you may qualify to deduct business travel expenses for your NIH appointment.
- Employment away from your tax home is indefinite if it is realistically expected to last more than one year, regardless of whether it actually lasts more than one year. For example, if you come to the NIH initially for a 15-month appointment, but your stay is shortened to 9 months, your assignment is still considered indefinite because it was expected that you would stay for more than one year. Expenses incurred for an indefinite assignment are not deductible because the location of the assignment becomes your new tax home.
- If your employment away from home is realistically expected to last one year or less, but at a later date is realistically expected to last more than one year, then your employment is treated as temporary until the date you realistically realize that the one-year period will be exceeded. For example, if you come to the NIH initially for a one-year appointment and then you receive a second appointment that extends your stay beyond one year, your situation changes from temporary to indefinite. If you qualify, you may deduct your travel expenses up until the day you first take steps to extend your appointment beyond one year.

Once you determine that you are traveling away from your tax home, you can determine what travel expenses are deductible. Note that you may only deduct expenses that are not reimbursed by your employer. The following summarizes expenses you can deduct when you travel away from home for business purposes:

- **Lodging** – You can deduct the cost of hotel lodging or apartment rent, including utilities, heat, electricity, renters insurance, cleaning, and waste removal. Lodging costs do not include clothing you need because the local US climate is different from that in your own country.
- **Transportation** – You can deduct the cost of travel by airplane, train, bus, or car to and from your business destination. You can also deduct the cost of taxis, commuter buses, and other types of local transportation.
- **Automobile** – If you own a car, you can deduct the cost of operating and maintaining it when traveling away from home on business. You can deduct actual expenses or the standard mileage rate, as well as business-related tolls and parking. If you rent a car while away from home on business, you can deduct only the business-use portion of the expenses. The 2011 standard mileage rate is 51 cents per mile for the period January 1 through June 30 and 55.5 cents per mile for the period July 1 through December 31. The standard mileage rate for 2012 is 55.5 cents per mile. You must keep a written record of your mileage. The mileage rate is deemed to include all vehicle expenses including the initial cost, insurance, repairs, maintenance, and fuel.

- **Meals** – Your deduction for meals is limited to 50% of the amounts that would otherwise be deductible. Allowable costs include your actual expenses for meals, including amounts spent for food, beverages, taxes, and related tips. Alternatively, you can use the standard meal allowance published by the IRS in [Publication 1542](#), which provides government per diem rates. You can also find the per diem rates at [Perdiem Rates Look-Up](#). The per diem rate for the period 10/01/2010 through 09/30/2011 for Maryland locations is \$71 per day for Montgomery County and Baltimore City, and \$56 per day for Frederick County. The per diem rate for the period 10/01/2010 through 09/30/2011 for Raleigh, NC is \$66 per day. These rates remain unchanged for the period 10/01/2011 through 09/30/2012.
- **Cleaning** – You can deduct the cost of dry cleaning and laundry. If you use the per diem rate for meals, your laundry expenses are considered to be included in that rate as an incidental expense.
- **Telephone** – You can deduct business calls while on your business trip. This includes business communication by fax machine or other communication devices. For long distance business phone calls, you can only deduct the charges; do not include any installation or hook-up fees for phone service.

Fellowship grants and wage recipients report business expenses on Form 2106. Professional services contractors report business expenses on Schedule C. You cannot deduct expenses for other members of your family.

## ***DEDUCTING MOVING EXPENSES***

If you are an employee or self-employed, you can deduct your moving expenses if your move is closely related to the start of your work and you meet two tests: a distance test and a time test.

- **Distance test:** To deduct moving expenses, the distance between your new place of work and your former home must be at least 50 miles more than the distance between your old place of work and former home. If you are a first-time employee or someone returning to full-time work, you will meet the distance test if your new place of work is at least 50 miles from your former home.
- **Time test:** If you are an employee, your moving expenses are deductible only if you work full-time for at least 39 weeks in the first 12 months following the move. If you are self-employed, your moving expenses are deductible only if you work full-time for at least 39 weeks in the first 12 months **and** a total of at least 78 weeks during the first 24 months following the move.

You can deduct your moving expenses on your 2011 tax return even though you have not met the time test by the date your 2011 return is due. You can do this if you expect to meet the 39-week test in 2012 or the 78-week test in 2012 or 2013.

Individuals receiving fellowship grants are not considered employees and, therefore, cannot deduct moving expenses.

If you meet the requirements discussed above, you can deduct the following costs as moving expenses:

- Costs of moving your household goods and personal effects (including in-transit or foreign-move expenses).
- Travel expenses (including lodging but not meals) for one trip to your new home by you and each member of your household. Household members do not have to travel together or at the same time. For 2011, the standard mileage rate for travel by car is 19 cents per mile for the period January 1, 2011 through June 30, 2011; and 23.5 cents per mile for the period July 1, 2011 through December 31, 2011, plus parking and tolls.
- For moves within or to the US, costs of storing and insuring household goods within any period of 30 consecutive days after the day goods are moved from your former home and before they are delivered to your new home.

You cannot deduct the following:

- Expenses of buying and/or selling a home
- Meal expenses
- Pre-move house-hunting expenses
- Temporary living expenses while you look for a place to live.

Moving expenses also do not include the cost of purchasing furniture, bedding, or other household items that you may need in the US but did not bring with you. They do not include the cost of clothing because the climate in the US is different from the climate in your country.

In some situations, an organization may pay your moving expenses for you. If you have been reimbursed for any part of your moving expenses, you must determine if the reimbursed amounts have been included in your income. If your employer reimbursed you for moving expenses and there is an amount included in box 12 of your Form W-2 with a code P, that amount is not included in your income and, therefore, not deductible. However, if your moving expenses exceed the reimbursement, you can still deduct the excess amount.

File [Form 3903](#) to deduct qualified moving expenses that were not reimbursed by your employer or to deduct expenses in excess of reimbursements. Report the deduction as an adjustment to your income on line 26 of Form 1040 or Form 1040NR. See [IRS Publication 521](#) for more information.

**Maryland Residents:** If you are a Visiting Scientist (wage recipient) who claims a tax treaty benefit on Form 1040NR or Form 1040, and that benefit eliminates your taxable income, the moving expense deduction will not affect your federal tax liability. However, if you live in Maryland, you should still report your moving expenses on Form 3903 and include this form with your Form 1040NR or Form 1040 because the deduction will reduce your federal adjusted gross income (AGI). The Maryland tax return begins with federal AGI. Therefore, since Maryland requires you to add back your exempt tax treaty amount to federal AGI on your Maryland tax return, the moving expense deduction will reduce your Maryland taxable income.

## ***SOCIAL SECURITY AND MEDICARE TAXES (FICA)***

Social Security and Medicare taxes are imposed by the Federal Insurance Contributions Act (FICA). Social Security tax is also known as OASDI, which stands for Old Age Survivors Disability Insurance. Social Security (OASDI) and Medicare taxes are collectively known as “FICA taxes”. If you work as an employee in the US, you must pay FICA taxes regardless of your citizenship or residence. These taxes are collected in addition to income taxes. Generally, your employer pays one-half of the taxes and you pay one-half through withholding.

Your payments of FICA taxes contribute to your coverage under the US social security system. Social security coverage provides benefits for retired workers and their dependents as well as for the disabled and their dependents. Medicare coverage provides medical insurance benefits for people aged 65 or older or with certain disabilities.

### ***Nonresident Alien FICA Tax Exemption for Students, Teachers, and Researchers***

Nonresident aliens are only subject to FICA taxes if they are working as an employee within the US. Fellowship grants paid to Visiting Fellows by the NIH are not considered income from employment and, therefore, are not subject to FICA taxes.

Nonresident alien students, teachers, or researchers – including those performing services as employees at the NIH – are exempt from paying FICA taxes if they meet certain criteria. The exemption is applicable if the person receiving the wage payments is:

- A nonresident alien
- Present in the US under an “F”, “J”, “M”, or “Q” visa, and
- Performing services to carry out the purposes of his or her visa.

The first condition is met either under the green card test or the substantial presence test. The second condition requires that the individual be in “F”, “J”, “M”, or “Q” visa status when the wage payment is made. The third condition is easily met by nonresident alien students, teachers, and researchers because they are permitted to work in areas directly related to their visa category while they are in the US. However, because the third condition requires that the services be performed to carry out the purposes of the person’s visa, spouses and dependents of the nonresident alien students, teachers, or researchers – normally issued visas such as “J-2” or “F-2” – do not qualify for the FICA tax exemption. This is because their purpose for visiting the US is to accompany the primary visaholder, not to work. Therefore, any services they perform as employees do not carry out the purpose of their visa.

### ***Self-Employment Tax***

Self-employment tax is the social security and Medicare taxes for individuals who are self-employed. If you work under a contract agreement at the NIH, you are considered self-employed.

Nonresident aliens are not subject to self-employment tax. Resident aliens must pay self-employment tax under the same rules that apply to US citizens. If you work under a contract agreement with NIH and you are filing as a resident alien, your net contract income (contract income reduced by contract expenses) is subject to self-employment tax. Self-employment income you receive while you are a resident alien is subject to self-employment tax even if was paid for services you performed as a nonresident alien.

Self-employment income is reported on Schedule C of Form 1040. Self-employment tax is calculated on Schedule SE.

## ***FORM W-7, “APPLICATION FOR IRS INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER”***

Each individual for whom an exemption is claimed on Form 1040 or Form 1040NR must have either a social security number (SSN) or an individual tax identification number (ITIN). An ITIN is a nine-digit number issued by the IRS to individuals who are required for US tax purposes to have a US taxpayer identification number but who do not have and are not eligible to get an SSN. If you do not have and are not eligible to get an SSN, you must apply for an IRS ITIN using Form W-7.

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

Examples of those who should file Form W-7 include the following:

- A nonresident alien eligible to claim a tax treaty benefit.
- A nonresident alien not eligible for an SSN who is required to file a US tax return.
- A nonresident alien not eligible for an SSN who elects to file a joint US tax return with a spouse who is a US citizen or resident alien.
- A resident alien under the substantial presence test who files a US tax return but who is not eligible for an SSN.
- An alien spouse claimed as an exemption on a US tax return but who is not eligible to get an SSN.
- An alien individual who can be claimed as a dependent on a US tax return but who is not eligible to get an SSN.
- A nonresident alien student, professor, or researcher who is required to file a US tax return but who is not eligible for an SSN, or who is claiming an exception to the tax return filing requirement.
- A dependent/spouse of a nonresident alien holding a US visa who is not eligible for an SSN.

Completed Forms W-7 should be submitted with your original tax return for which the ITIN is needed and attached to the front of the return. After the IRS has processed your Form W-7, it will assign an ITIN to the return and process the return. You must also submit certain documentation such as a passport or visa that substantiates the information provided on Form W-7. Original documentation or certified or notarized copies can be used for this purpose. Refer to the [Instructions for Form W-7](#) and [Publication 1915](#) for more information.

You should allow six to ten weeks for the IRS will notify you of your ITIN.

## ***DEPARTING ALIEN CLEARANCE (“SAILING PERMIT”)***

Before leaving the US, all aliens generally must obtain from the IRS a Certificate of Compliance, popularly known as the sailing permit or departure permit. This certificate confirms that the alien has complied with all income tax obligations. However, certain categories of aliens are not required to obtain these sailing permits before departing.

The exemption from obtaining a sailing permit includes alien students, trainees, and exchange visitors – as well as their spouses and children – admitted solely on an “F-1”, “F-2”, “H-3”, “H-4”, “J-1”, or “J-2” visa and who receive no US-source income other than income permitted by their visa category such as salary, living allowances, and bank deposit interest while in the US. Thus, the exemption covers not only most NIH Visiting Program participants, but also working spouses of program participants holding a “J-2” visa, as long as their US-based income is in compliance with “J-2” visa regulations.

Notably absent from the exemption for a sailing permit are aliens holding “H-1B” and “O” visas. Program participants at the NIH with an O visa or an H-1B visa will continue to require a sailing permit before departure from the US. You can obtain a sailing permit from any IRS office. You can apply for a sailing permit by presenting Form 1040C in person at an IRS office approximately three weeks before your departure from the US. Form 1040C and instructions can be downloaded from the IRS website. Form 1040C is not a final tax report. You must still file Form 1040 or Form 1040NR at the end of the tax year.

## ***SUMMARY OF STATE INCOME TAX RULES FOR NONRESIDENT ALIENS***

In addition to the federal government, most states of the US tax the income of their residents. In most cases, state income tax returns must be filed each year on or before the same date that your federal income tax return is due. State tax returns will generally follow federal tax rules and then require certain modifications.

You will need information from your federal return in order to complete your state return. Therefore, complete your federal tax return before preparing your state tax return.

### ***Maryland***

If you are a nonresident alien required to file federal Form 1040NR (or Form 1040NR-EZ), how you file your Maryland income tax return depends on whether you are a legal resident of Maryland or a nonresident.

If you were domiciled in Maryland on the last day of the tax year, or you maintained a place to live in Maryland and were physically present in Maryland for more than six months (183 days) of the tax year, then you are a legal Maryland resident. In that case, you must file a Maryland resident tax return for the full tax year using Form 502.

If you do not meet the above definition, you are not a resident of Maryland. You will need to file a nonresident income tax return to Maryland using Form 505 and Form 505NR if you have income derived from:

- tangible property, real or personal, permanently located in Maryland;
- a business, trade, profession or occupation carried on in Maryland; or,
- gambling winnings derived from Maryland sources.

### **Filing Status**

If you are a nonresident alien filing a federal Form 1040NR, you cannot use the joint filing status or head of household filing status. With limited exceptions, you must use the same filing status on your Maryland tax return as your federal tax return. See Instruction 7 in the Maryland resident tax booklet and Instruction 8 in the Maryland nonresident tax booklet.

### **Income**

The starting point for your Maryland tax return is your federal adjusted gross income that you reported on line 36 of Form 1040NR. You must enter this amount on line 1 of your Maryland return. This amount can be a negative, *e.g.*, where your federal adjustments to income such as moving expenses exceed your federal income.

### **Additions and Subtractions**

The tax treatment of certain items of income and deduction under Maryland tax law differs from federal tax treatment. These items are added to or subtracted from federal adjusted gross income. You should report any such additions or subtractions on your Maryland tax return. The following are some of the common adjustments for Visiting Foreign Scientists:

- If you have income that is exempt on federal Form 1040NR because of a treaty between the US and your country of residence, you must add back this income on your Maryland return. You must also add back other items of income that are not taxable on your federal return such as bank interest and payments received from

a foreign source. If you are using Form 502, enter the amount on line 5 and use code letter “g.” If you are using Form 505, enter the amount on line 19 and use code letter “e.”

- If you claim the tax credit for child and dependent care expenses on your federal return using Form 2441, you may subtract the cost of caring for your dependent while you work on your Maryland return. The subtraction is limited to \$3,000 (\$6,000 if two or more dependents receive care). Enter the amount on line 9 of Form 502. If you are using Form 505, enter the amount on line 23 and use code letter “f.”
- If you are a resident alien and you and your spouse both work and file a joint tax return, you may be entitled to a subtraction of up to \$1,200. See the Two-Income Married Couple Subtraction Worksheet in the [Maryland tax booklet](#).

For other types of additions, see Instruction 12 in the [Maryland resident tax booklet](#) or [nonresident tax booklet](#).

For other types of subtractions, see Instruction 13 in the [Maryland resident tax booklet](#) or [nonresident tax booklet](#). If you are a Maryland resident filing Form 502, you may need to report some of your subtractions on **Form 502SU, Subtractions from Income**.

## Itemized Deductions or Standard Deduction

If you choose the itemized deduction method on your Maryland return, you should report the same itemized deductions that you claim on your federal Form 1040NR, with one exception: state and local income taxes. You must reduce your total deductions on your Maryland return by any state or local income taxes that you include as an itemized deduction on your federal return. See Instruction 14 in the [resident tax booklet](#) or Instruction 16 in the [nonresident tax booklet](#).

Even though you may be required to itemize your deductions on federal Form 1040NR, you have the option to select the standard deduction method on your Maryland return, if that method gives you a higher deduction. The standard deduction ranges from \$1,500 to \$4,000 depending on your level of income and filing status. See Instruction 16 in the [resident tax booklet](#) or Instruction 15 in the [nonresident tax booklet](#).

## Personal Exemptions

You are permitted the same number of exemptions on your Maryland return that are allowed on federal Form 1040NR. If your 2011 federal adjusted gross income is \$100,000 or less, the Maryland exemption amount for each individual is \$3,200. This exemption amount is reduced once your federal AGI exceeds \$100,000.

If you are age 65 or older, or are legally blind, you may claim an additional \$1,000 exemption for age or blindness on the Maryland return.

## Spouse

Generally, nonresident aliens who are US nationals or residents of Mexico or Canada may claim a personal exemption for their spouse if the spouse had no gross income for US tax purposes and cannot be claimed as a dependent on another taxpayer's return.

Nonresident aliens who are residents of the Republic of Korea (South Korea) must meet an additional requirement to claim their spouse as an exemption: the spouse must have lived with the taxpayer in the US at some time during the tax year. Students and business apprentices who are residents of India may also claim their spouse under certain circumstances. See [IRS Publication 519](#).

If your spouse meets the criteria noted above, you can claim an exemption for your spouse in the Exemptions section of the Maryland return.

## **Dependents**

You may not claim any other dependents unless the dependents are residents of the US, Canada, or Mexico. The dependents are entitled to an additional exemption for age if they are 65 years of age or older.

Only US nationals and residents of Canada, Mexico, and the Republic of Korea (South Korea), may claim exemptions for their dependents. If you were a US national (American Samoan or a Northern Mariana Islander who chose to be a US national) or a resident of Canada or Mexico, you can claim exemptions for your children and other dependents on the same terms as US citizens. See [IRS Publication 501](#) for more details.

## **Residents of Other Countries**

You may not claim any exemptions for a spouse or dependents if you are a nonresident alien from any other country and are required to file a federal Form 1040NR.

## **Prorating Exemptions**

If you are a nonresident for Maryland tax purposes, you must prorate your exemptions and deductions following the instructions in the [nonresident tax booklet](#).

## **Earned Income Tax Credit**

You cannot claim an earned income tax credit if you are a nonresident alien required to file a federal 1040NR. You must qualify and elect to be taxed as a resident alien with the IRS on your worldwide income in order to claim the earned income tax credit.

## **Minimum Filing Level**

If your gross Maryland income is below a certain level (determined by your filing status), you may not be required to file and/or pay Maryland state income tax for that year. The 2011 minimum filing levels for are \$9,500 for Single filing status and \$3,700 for Married Filing Separately filing status.

## **Tax Rates**

Maryland assesses both a state and local income tax on your taxable income. State and local taxes are calculated separately on the same Maryland tax return. The state tax rate for taxable income less than \$3,000 ranges from 2% to 4%. Taxable income less than \$150,000 is taxed at a state tax rate of 4.75%. Taxable income over \$150,000 is taxed at state tax rates ranging from 5% to 5.50%.

There are 23 counties in Maryland, plus Baltimore City. Each of these jurisdictions has its own local tax rate, ranging from 1.25% to 3.20%. What rate applies to your taxable income depends on the jurisdiction in which you live. The local tax rate for Baltimore City is 3.20%. The local tax rate for Frederick County is 2.96%. The local tax rate for Montgomery County is 3.20%. If you are taxed as a Maryland nonresident, you will pay the state tax rate plus a special nonresident tax of 1.25% instead of the local tax rate.

## **Reciprocal Agreements**

Maryland has reciprocal agreements with DC, Virginia, Pennsylvania, and West Virginia. Under the agreements, residents of these states are exempt from Maryland tax if their only Maryland income is from wages, salary, or compensation for personal services rendered in Maryland. Maryland treats taxable fellowship grants as

compensation for personal services. Therefore, if you live in DC, Virginia, Pennsylvania, or West Virginia but work in Maryland, you may be exempt from filing a Maryland nonresident tax return.

## *DC and Virginia State Taxes*

DC and Virginia both recognize federal tax treaty agreements. Therefore, resident and nonresident aliens are subject to the same tax provisions as all other filers. If you are a DC or Virginia resident and are claiming a treaty benefit on your federal tax return, this exemption will also apply to your DC or Virginia tax return.

**District of Columbia** – If you are not from a treaty country, you will need to file a DC tax return using Form D-40 as well as pay DC quarterly estimated taxes using Form D-40ES.

The following rules apply to DC taxes:

- You must generally use the same filing status that you use on your federal tax return.
- You must claim the same number of personal exemptions as you claim your federal tax return.
- If you itemize deductions on your federal tax return, you must also itemize deductions on your DC tax return.

The personal exemption amount is \$1,675 for each individual. If you are a part-year DC resident, you must prorate the exemption amount for the number of months you are present in DC.

DC tax rates range from 4.0% to 8.5%.

**Virginia** – If you are not from a treaty country, you will need to file a Virginia tax return using Form 760 for residents, Form 763 for nonresidents, or Form 760PY for part-year residents. You will also need to pay Virginia quarterly estimated taxes using Form 760ES.

The following rules apply to Virginia taxes:

- You must use the same filing status that you use on your federal tax return.
- You must claim the same number of personal exemptions that you claim on your federal tax return.
- If you itemize deductions on your federal tax return, you must also itemize deductions on your Virginia tax return.

The personal exemption amount is \$930 for each individual. If you are a part-year Virginia resident, you must prorate the exemption amount for the number of days you are present in Virginia.

Virginia tax rates range from 2.0% to 5.75%. Virginia does not have a separate local income tax rate.

## ***GUIDELINES FOR COMPLETING YOUR TAX RETURNS***

You should adhere to the following guidelines when completing your tax returns:

- Write your name and your social security number (or individual tax identification number, if appropriate) in the space provided on page one of your federal and state tax returns and all pre-printed supporting forms and schedules. You should also write your name and your social security number (or individual tax identification number, if appropriate) at the top of all subsequent pages of the pre-printed tax forms. If you are submitting schedules of your own in addition to the pre-printed forms, write your name and social security number (or individual tax identification number, if appropriate) at the top of each page.
- Enter your name exactly as it appears on your social security card.
- Use your current valid mailing address.
- Round dollar amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down. Do not enter cents.
- Enter your gross income and tax withheld exactly as reported on your Form 1042-S, Form W-2, or Form 1099.
- Federal tax refunds from 2010 or earlier that you received in 2011 are not taxable on your federal tax return or the returns for the following states: Maryland, DC, Virginia, North Carolina, and Arizona. If you file in Montana, your federal refund may be taxable if you claimed federal income taxes paid as an itemized deduction on your Montana tax return.
- State tax refunds from 2010 or earlier that you received in 2011 may be taxable on your federal return if you claimed state income taxes paid as an itemized deduction on your federal tax return. Exceptions apply, so you should consult the filing instructions to your federal return.
- State tax refunds from 2010 or earlier that you received in 2011 are not taxable on your state tax return. If you included your state refund as income on your federal return, you should subtract it on your state return as an adjustment to federal income.
- If you made federal or state estimated tax payments, you must report on your returns the exact amounts that you paid. You should also keep an accurate record of the dates of your payments and all cancelled checks or other proof of payment.
- If you qualify for a treaty benefit and the NIH has withheld federal taxes, report the tax withheld as follows: (a) for nonresident aliens, report the tax on line 61 of Form 1040NR or on line 18 of Form 1040NR-EZ; (b) for resident aliens, report the tax on line 62 of Form 1040 or on line 7 of Form 1040EZ. You will receive a refund of the taxes withheld after your tax return is processed.
- All Type J visa holders who qualify as exempt individuals must file Form 8843 in their first and second calendar years. All Type F visa holders who qualify as exempt individuals must file Form 8843 in their first through fifth calendar years.
- You must file Form 8833 with your federal tax return if: (1) you are claiming a treaty benefit for professional service contract income under the personal services income articles or (2) you are claiming treaty benefits under an exception to the saving clause. You do not need to file Form 8833 if the only treaty benefit you claim is for a taxable scholarship or fellowship grant.

- Although not required, attaching a copy of your current DS-2019, *Certificate of Eligibility*, to your return will provide an explanation of your fellowship grant and exchange visitor status, if necessary.
- Unless required to do so by the filing instructions, do not include receipts or other supporting tax records with your returns when filing them.
- Attach the appropriate copy of Form W-2 or Form 1042-S where indicated on the left-hand side of the first page your tax returns. If you receive Form W-2, attach Copy B to your federal return and Copy 1 to your state return. If you receive Form 1042-S, attach Copy C to your federal return and Copy D to your state return.
- You should complete your federal tax return before beginning your state tax return.
- You should make complete copies of your tax returns for your records prior to mailing them.
- Your tax returns must be postmarked by their due dates. If you are a resident alien, or if you are a nonresident alien who is an employee receiving wages subject to income tax withholding, your 2011 tax return (or extension) must be postmarked on or before April 17, 2012. If you are a nonresident alien who is not an employee receiving wages subject to income tax withholding, your 2011 tax return (or extension) must be postmarked on or before June 15, 2012.
- It is recommended that you file your returns using certified mail with postmarked receipts for proof of timely filing. You should write the certified mail receipt numbers on the returns in the margin near your signature prior to filing. You should also retain the certified mail receipts with your copies of the returns.

## ***SAMPLE TAX RETURNS FOR INDIVIDUALS CLAIMING TAX TREATY BENEFITS***

The following pages provide sample tax returns for individuals claiming tax treaty benefits in the circumstances described below:

**Case One:** Visiting Fellow claiming treaty benefits as a married nonresident alien

**Case Two:** Visiting Fellow from India claiming the standard deduction as a single nonresident alien

**Case Three:** Visiting Fellow claiming treaty benefits as a single resident alien

**Case Four:** Visiting Fellow claiming treaty benefits as a married resident alien with a working spouse

**Case Five:** Visiting Scientist claiming treaty benefits as a nonresident alien paid by a professional services contract

## *Case One: Visiting Fellow Claiming Treaty Benefits as a Married Nonresident Alien*

Renee Blanc is a Visiting Fellow from France and is present in the US under a type J visa. She has a two-year appointment at the NIH and lives in Bethesda, MD. Renee arrived in the US on March 26, 2010. She is entitled to claim treaty benefits as a trainee under Article 21 of the US-France tax treaty. Renee is married and her family is present with her in the US. She has the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$48,000
Interest income from bank savings account reported on Form 1099-INT	\$65

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal itemized deductions (Maryland taxes paid in 2011)	\$2,610
Maryland standard deduction	\$2,000

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$0
Maryland estimated tax payments:	
April 15, 2011	\$870
June 15, 2011	\$870
September 15, 2011	\$870
January 17, 2012	\$870
Total payments	\$3,480

Because Renee is a “J” visa holder, she qualifies as an exempt individual. She does not need to count her days of presence in the US for 2010 and 2011. Since she does not meet the substantial presence test, she should file her federal tax return as an Other Married Nonresident Alien on Form 1040NR or Form 1040NR-EZ. Renee cannot claim an exemption for her spouse. She should also attach Form 8843, “Statement for Exempt Individuals”, to her federal return to establish her status as an exempt individual.

Because Renee lived in Maryland for at least 183 days in 2011, she is considered a resident. Therefore, she should file Maryland Form 502. She should add back on her Maryland return the fellowship grant and bank interest that she excluded from income on her federal tax return and report them in the “Additions to Income” section on line 5, using code “g”.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (RENEE BLANC), address (2 PARIS PLACE, BETHESDA, MD 20892), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and dependent status. Includes spouse information fields.

Exemptions section including checkboxes for 'Yourself' and 'Spouse', and a table for dependents.

Income section with lines 8 through 23, detailing various income sources and exemptions, ending with total effectively connected income of 48,000.

Adjusted Gross Income section with lines 24 through 36, detailing deductions and adjustments to arrive at the final adjusted gross income.

<b>Tax and Credits</b>	37	Amount from line 36 (adjusted gross income)	37	
	38	Itemized deductions from page 3, Schedule A, line 15	38	2,610.
	39	Subtract line 38 from line 37	39	<2,610.>
	40	Exemptions (see instructions)	40	3,700.
	41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	0.
	42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	
	43	Alternative minimum tax (see instructions). Attach Form 6251	43	
	44	Add lines 42 and 43	44	
	45	Foreign tax credit. Attach Form 1116 if required	45	
	46	Credit for child and dependent care expenses. Attach Form 2441	46	
	47	Retirement savings contributions credit. Attach Form 8880	47	
	48	Child tax credit (see instructions)	48	
49	Residential energy credits. Attach Form 5695	49		
50	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50		
51	Add lines 45 through 50. These are your total credits	51		
52	Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	0.	

<b>Other Taxes</b>	53	Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
	54	Self-employment tax. Attach Schedule SE (Form 1040)	54	
	55	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
	56	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
	57	Transportation tax (see instructions)	57	
	58a	Household employment taxes from Schedule H (Form 1040)	58a	
	58b	b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
	59	Other taxes. Enter code(s) from instructions	59	
60	Add lines 52 through 59. This is your total tax	60		

<b>Payments</b>	61	Federal income tax withheld from:		
	a	Form(s) W-2, 1099	61a	
	b	Form(s) 8805	61b	
	c	Form(s) 8288-A	61c	
	d	Form(s) 1042-S	61d	
	62	2011 estimated tax payments and amount applied from 2010 return	62	
	63	Additional child tax credit. Attach Form 8812	63	
	64	Amount paid with request for extension to file (see instructions)	64	
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
	66	Credit for federal tax paid on fuels. Attach Form 4136	66	
67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67		
68	Credit for amount paid with Form 1040-C	68		
69	Add lines 61a through 68. These are your total payments	69		

<b>Refund</b> <small>Direct deposit? See instructions.</small>	70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	0.
	71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	
	b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number <input type="text"/>		
	e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.		
	72	Amount of line 70 you want applied to your 2012 estimated tax	72	0.

<b>Amount You Owe</b>	73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	0.
	74	Estimated tax penalty (see instructions)	74	

<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>

<b>Sign Here</b> <small>Keep a copy of this return for your records.</small>	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="text"/>	Date <input type="text"/>	Your occupation in the United States <b>RESEARCH FELLOW</b>

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <input type="text"/>	Preparer's signature <input type="text"/>	Date <input type="text"/>	Check <input type="checkbox"/> if self-employed	PTIN <input type="text"/>
	Firm's name <input type="text"/>	Firm's EIN <input type="text"/>		Phone no. <input type="text"/>	
	Firm's address <input type="text"/>				





**Schedule OI - Other Information** (see instructions)

Answer all questions

**A** Of what country or countries were you a citizen or national during the tax year? FRANCE

**B** In what country did you claim residence for tax purposes during the tax year? FRANCE

**C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States?  Yes  No

**D** Were you ever:  
**1.** A U.S. citizen?  Yes  No  
**2.** A green card holder (lawful permanent resident) of the United States?  Yes  No  
 If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.

**E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J VISA

**F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status?  Yes  No  
 If you answered "Yes," indicate the date and nature of the change. ▶ \_\_\_\_\_

**G** List all dates you entered and left the United States during 2011 (see instructions).  
**Note.** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H  Canada  Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

**H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:  
 2009 \_\_\_\_\_, 2010 281, and 2011 365.

**I** Did you file a U.S. income tax return for any prior year?  Yes  No  
 If "Yes," give the latest year and form number you filed. ▶ 2010 FORM 1040NR

**J** Are you filing a return for a trust?  Yes  No  
 If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person?  Yes  No

**K** Did you receive total compensation of \$250,000 or more during the tax year?  Yes  No  
 If "Yes," did you use an alternative method to determine the source of this compensation?  Yes  No

**L** Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.  
**1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year
FRANCE	21	9	48,000.
<b>(e) Total.</b> Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12			48,000.

**2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above?  Yes  No

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **RENEE BLANC** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence \_\_\_\_\_

Address in the United States \_\_\_\_\_

**Part I General Information**

- 1a Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**
- b Current nonimmigrant status and date of change ► \_\_\_\_\_
- 2 Of what country were you a citizen during the tax year? **FRANCE**
- 3a What country issued you a passport? **FRANCE**
- b Enter your passport number ► **L989820C**
- 4a Enter the actual number of days you were present in the United States during:  
2011 **365** 2010 **281** 2009 \_\_\_\_\_
- b Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **365**

**Part II Teachers and Trainees**

- 5 For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_
- 6 For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**
- 7 Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 **J** . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)?  Yes  No  
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

- 9 Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_
- 10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_
- 11 Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_ . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years?  Yes  No  
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.
- 13 During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States?  Yes  No
- 14 If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

\_\_\_\_\_  
Physician's or other medical official's signature

\_\_\_\_\_  
Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address.

FILING STATUS section with checkboxes for Single, Married filing jointly, Married filing separately, Head of household, etc.

EXEMPTIONS and PART-YEAR RESIDENT sections, including checkboxes for exemptions and dates of residence.

INCOME section with lines 1 through 16 for reporting income and additions.

SUBTRACTIONS FROM INCOME and DEDUCTION METHOD sections, including lines 8 through 20 for reporting deductions and net income.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME RENEE BLANC

SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 42865, Line 22: 1984, Line 28: 1984.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 1372, Line 33: 1372.

Table with 5 rows for Total Maryland and local tax. Line 34: 3356, Line 38: 3356.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 3480, Line 43: 3480.

Table with 2 rows for Balance due and Overpayment. Line 44: 124, Line 45: 124.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 124, Line 48: 124, Line 49: 124.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) [ ] 50c. Account number [ ]

Daytime telephone no. [ ] Home telephone no. [ ] CODE NUMBERS (3 digits per box) [ ]

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature [ ] Date [ ] Spouse's signature [ ] Date [ ]

Preparer's SSN or PTIN (required by law) [ ] Signature of preparer other than taxpayer [ ]

Address and telephone number of preparer [ ]



## *Case Two: Visiting Fellow from India Claiming the Standard Deduction as a Single Nonresident Alien*

Amil Patel is a Visiting Fellow from India and is present in the US under a type J visa. He has a two-year appointment at the NIH and lives in Bethesda, MD. Amil arrived in the US in November 2010. As a trainee, he is entitled to claim the standard deduction on his federal tax return under Article 21(2) of the US-India tax treaty. However, the treaty does not allow Amil to exclude his fellowship grant from income because his grant payments come from a US source. Amil is not married. He has the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$49,500
Interest income from bank savings account reported on Form 1099-INT	\$35

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal standard deduction	\$5,800
Maryland standard deduction	\$2,000

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$6,930
Maryland estimated tax payments:	
April 15, 2011	\$900
June 15, 2011	\$900
September 15, 2011	\$900
January 17, 2012	\$900
Total payments	\$3,600

Because Amil is a “J” visa holder, he qualifies as an exempt individual. He does not need to count his days of presence in the US for 2010 and 2011. Since he does not meet the substantial presence test, he should file his federal tax return as a nonresident alien on Form 1040NR or Form 1040NR-EZ. Amil should report the standard deduction amount on Form 1040NR, line 38 for Itemized Deductions (or Form 1040NR-EZ, line 11). He should print “Standard Deduction Allowed Under US-India Income Tax Treaty” in the space to the left of the line or on Schedule A of Form 1040NR. Amil should also attach Form 8843, “Statement for Exempt Individuals”, to his federal return to establish his status as an exempt individual.

Because Amil lived in Maryland for at least 183 days in 2011, he is considered a resident. Therefore, he should file Maryland Form 502. He should add back on his Maryland return the bank interest that he excluded from income on his federal tax return and report it in the “Additions to Income” section on line 5, using code “g”.

If Amil were married and his spouse did not work, he would be entitled to claim an additional exemption of \$3,700 for his spouse. His spouse must have an individual tax identification number (ITIN) that she can apply for by filing Form W-7 with their Form 1040NR. He could also claim additional \$3,700 exemptions for any dependents that live with him in the US as residents. However, he could not claim additional exemptions for dependents from India in the US under J-2 visas because they would not be US residents.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (AMIL PATEL), address (2 MUMBAI COURT, BETHESDA, MD 20854), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and spouse information.

Exemptions section including dependent information table and total exemptions claimed (1).

Income section with lines 8-23 detailing wages, interest, dividends, and other income, totaling 49,500.

Adjusted Gross Income section with lines 24-36 detailing deductions and resulting adjusted gross income of 49,500.

<b>Tax and Credits</b>	37	Amount from line 36 (adjusted gross income)	37	49,500.
	38	Itemized deductions from page 3, Schedule A, line 15	38	5,800.
	39	Subtract line 38 from line 37	39	43,700.
	40	Exemptions (see instructions)	40	3,700.
	41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	40,000.
	42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	6,131.
	43	Alternative minimum tax (see instructions). Attach Form 6251	43	
	44	Add lines 42 and 43	44	6,131.
	45	Foreign tax credit. Attach Form 1116 if required	45	
	46	Credit for child and dependent care expenses. Attach Form 2441	46	
	47	Retirement savings contributions credit. Attach Form 8880	47	
	<b>Other Taxes</b>	48	Child tax credit (see instructions)	48
49		Residential energy credits. Attach Form 5695	49	
50		Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50	
51		Add lines 45 through 50. These are your total credits	51	
52		Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	6,131.
53		Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
54		Self-employment tax. Attach Schedule SE (Form 1040)	54	
55		Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
56		Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
57		Transportation tax (see instructions)	57	
58a		Household employment taxes from Schedule H (Form 1040)	58a	
58b		b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
59	Other taxes. Enter code(s) from instructions	59		
60	Add lines 52 through 59. This is your total tax	60	6,131.	
<b>Payments</b>	61	Federal income tax withheld from:		
	a	Form(s) W-2, 1099	61a	
	b	Form(s) 8805	61b	
	c	Form(s) 8288-A	61c	
	d	Form(s) 1042-S	61d	6,930.
	62	2011 estimated tax payments and amount applied from 2010 return	62	
	63	Additional child tax credit. Attach Form 8812	63	
	64	Amount paid with request for extension to file (see instructions)	64	
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
	66	Credit for federal tax paid on fuels. Attach Form 4136	66	
	67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67	
	68	Credit for amount paid with Form 1040-C	68	
69	Add lines 61a through 68. These are your total payments	69	6,930.	
<b>Refund</b> <small>Direct deposit? See instructions.</small>	70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	799.
	71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	799.
	b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number <input type="text"/>		
72	Amount of line 70 you want applied to your 2012 estimated tax	72		
<b>Amount You Owe</b>	73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	
	74	Estimated tax penalty (see instructions)	74	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No			
<b>Sign Here</b> <small>Keep a copy of this return for your records.</small>	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.			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature	
	Firm's name		Firm's EIN	
	Firm's address		Phone no.	
	Date		Check <input type="checkbox"/> if self-employed PTIN	

**Schedule A - Itemized Deductions** (see instructions)

07

		<b>STD DED ALLOWED UNDER US-INDIA TREATY</b>		
<b>Taxes You Paid</b>	<b>1</b> State and local income taxes .....			<b>1</b> 5,800.
<b>Gifts to U.S. Charities</b>	<b>2</b> <b>Caution:</b> If you made a gift and received a benefit in return, see instructions. Gifts by cash or check. If you made any gift of \$250 or more, see instructions .....	<b>2</b>		
	<b>3</b> Other than by cash or check. If you made any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if the amount of your deduction is over \$500 .....	<b>3</b>		
	<b>4</b> Carryover from prior year .....	<b>4</b>		
	<b>5</b> Add lines 2 through 4 .....		<b>5</b>	
	<b>Casualty and Theft Losses</b>	<b>6</b> Casualty or theft loss(es). Attach Form 4684. See instructions .....		<b>6</b>
<b>Job Expenses and Certain Miscellaneous Deductions</b>	<b>7</b> Unreimbursed employee expenses - job travel, union dues, job education, etc. You <b>must</b> attach Form 2106 or Form 2106-EZ if required. See instr. ▶ .....	<b>7</b>		
	<b>8</b> Tax preparation fees .....	<b>8</b>		
	<b>9</b> Other expenses. See instructions for expenses to deduct here. List type and amount ▶ .....	<b>9</b>		
	<b>10</b> Add lines 7 through 9 .....	<b>10</b>		
	<b>11</b> Enter the amount from Form 1040NR, line 37 .....	<b>11</b>		
	<b>12</b> Multiply line 11 by 2% (.02) .....	<b>12</b>		
	<b>13</b> Subtract line 12 from line 10. If line 12 is more than line 10, enter -0- .....		<b>13</b>	
<b>Other Miscellaneous Deductions</b>	<b>14</b> Other - see instructions for expenses to deduct here. List type and amount ▶ .....		<b>14</b>	
<b>Total Itemized Deductions</b>	<b>15</b> Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38.		<b>15</b>	<b>5,800.</b>

**Schedule NEC - Tax on Income Not Effectively Connected With a U.S. Trade or Business** (see instructions)

Nature of income	Enter amount of income under the appropriate rate of tax (see instructions)				
	(a) 10%	(b) 15%	(c) 30%	(d) Other (specify)	
				%	%
<b>1</b> Dividends paid by:					
<b>a</b> U.S. corporations	<b>1a</b>				
<b>b</b> Foreign corporations	<b>1b</b>				
<b>2</b> Interest:					
<b>a</b> Mortgage	<b>2a</b>				
<b>b</b> Paid by foreign corporations	<b>2b</b>				
<b>c</b> Other	<b>2c</b>				
<b>3</b> Industrial royalties (patents, trademarks, etc.)	<b>3</b>				
<b>4</b> Motion picture or T.V. copyright royalties	<b>4</b>				
<b>5</b> Other royalties (copyrights, recording, publishing, etc.)	<b>5</b>				
<b>6</b> Real property income and natural resources royalties	<b>6</b>				
<b>7</b> Pensions and annuities	<b>7</b>				
<b>8</b> Social security benefits	<b>8</b>				
<b>9</b> Capital gain from line 18 below	<b>9</b>				
<b>10</b> Gambling - Residents of Canada only. Enter net income in column (c). If zero or less, enter -0-.					
<b>a</b> Winnings					
<b>b</b> Losses	<b>10c</b>				
<b>11</b> Gambling winnings - Residents of countries other than Canada. <b>Note.</b> Losses not allowed	<b>11</b>				
<b>12</b> Other (specify) ▶	<b>12</b>				
<b>13</b> Add lines 1a through 12 in columns (a) through (d)	<b>13</b>				
<b>14</b> Multiply line 13 by rate of tax at top of each column	<b>14</b>				
<b>15</b> Tax on income not effectively connected with a U.S. trade or business. Add columns (a) through (d) of line 14. Enter the total here and on Form 1040NR, line 53 ▶					<b>15</b>

**Capital Gains and Losses From Sales or Exchanges of Property**

Enter only the capital gains and losses from property sales or exchanges that are from sources within the United States 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 D (Form 1040).	<b>16</b> (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)	(g) GAIN If (d) is more than (e), subtract (e) from (d)
<b>17</b> Add columns (f) and (g) of line 16						<b>17</b> ( )	
<b>18</b> Capital gain. Combine columns (f) and (g) of line 17. Enter the net gain here and on line 9 above (if a loss, enter -0-) ▶							<b>18</b>

**Schedule OI - Other Information** (see instructions)

Answer all questions

**A** Of what country or countries were you a citizen or national during the tax year? INDIA

**B** In what country did you claim residence for tax purposes during the tax year? INDIA

**C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States?  Yes  No

**D** Were you ever:  
**1.** A U.S. citizen?  Yes  No  
**2.** A green card holder (lawful permanent resident) of the United States?  Yes  No  
 If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.

**E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J

**F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status?  Yes  No  
 If you answered "Yes," indicate the date and nature of the change. ▶ \_\_\_\_\_

**G** List all dates you entered and left the United States during 2011 (see instructions).  
**Note.** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H  Canada  Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

**H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:  
 2009 \_\_\_\_\_, 2010 60, and 2011 365.

**I** Did you file a U.S. income tax return for any prior year?  Yes  No  
 If "Yes," give the latest year and form number you filed. ▶ 2010 FORM 1040NR

**J** Are you filing a return for a trust?  Yes  No  
 If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person?  Yes  No

**K** Did you receive total compensation of \$250,000 or more during the tax year?  Yes  No  
 If "Yes," did you use an alternative method to determine the source of this compensation?  Yes  No

**L** Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.  
**1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year

**(e) Total.** Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12 \_\_\_\_\_

**2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above?  Yes  No

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **AMIL PATEL** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence

Address in the United States

**Part I General Information**

**1a** Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**

**b** Current nonimmigrant status and date of change ► \_\_\_\_\_

**2** Of what country were you a citizen during the tax year? **INDIA**

**3a** What country issued you a passport? **INDIA**

**b** Enter your passport number ► **K989820D**

**4a** Enter the actual number of days you were present in the United States during:  
2011 **365** 2010 **60** 2009 \_\_\_\_\_

**b** Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **365**

**Part II Teachers and Trainees**

**5** For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_

**6** For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**

**7** Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 **J** . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)? .....  Yes  No

If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

**9** Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_

**10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_

**11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_ . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? .....  Yes  No

If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.

**13** During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? .....  Yes  No

**14** If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

\_\_\_\_\_  
Physician's or other medical official's signature

\_\_\_\_\_  
Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date



OR FISCAL YEAR BEGINNING 2011, ENDING

Social Security number <b>123456789</b>		Spouse's Social Security number	
Your First Name <b>AMIL</b>	Initial	Last Name <b>PATEL</b>	
Spouse's First Name	Initial	Last Name	
Present Address (No. and street) <b>2 MUMBAI COURT</b>			
City or Town <b>BETHESDA</b>		State <b>MD</b>	ZIP Code <b>20854</b>
Name of county and incorporated city, town or special taxing area in which you resided on the last day of the taxable period. (See Instructions)		Maryland County <b>MG</b>	City, Town, or Taxing Area

**FILING STATUS** See Instructions to determine if you are required to file. **CHECK ONE BOX**

1. <input checked="" type="checkbox"/> Single (if you can be claimed on another person's tax return, use Filing Status 6.)	4. <input type="checkbox"/> Head of household
2. <input type="checkbox"/> Married filing joint return or spouse had no income	5. <input type="checkbox"/> Qualifying widow(er) with dependent child
3. <input type="checkbox"/> Married filing separately	6. <input type="checkbox"/> Dependent taxpayer (Enter 0 in Exemption Box (A))

<p><b>PART-YEAR RESIDENT</b> If you began or ended legal residence in Maryland in 2011 place a <b>P</b> in the box</p> <p><b>Dates of Maryland Residence</b></p> <p>MO DAY YEAR ▶ <input type="text"/></p> <p>FROM _____ TO _____</p> <p>Place an <b>M</b> or <b>P</b> in this box</p> <p>Other state of residence: _____</p> <p><b>MILITARY:</b> If you or your spouse has non-Maryland military income, place an <b>M</b> in the box. Enter amount here: _____</p>	<p>Spouse's Social Security Number</p> <p><b>EXEMPTIONS</b> (A) <input checked="" type="checkbox"/> Yourself <input type="checkbox"/> Spouse</p> <p>See Instructions (B) <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind</p> <p><b>NOTE: If you are claiming dependents, you must attach the Dependent Form 502B to this form in order to receive the applicable exemption amount.</b></p> <p>(A) Enter No. Checked <input type="text" value="1"/> See Ins. \$ <input type="text" value="3200"/> (B) Enter No. Checked <input type="text"/> X \$1,000 \$ _____</p> <p>(C) Enter No. Checked from line 1 of Dependent Form 502B <input type="text"/> See Ins. \$ _____ (D) Enter Total Exemptions (Add A, B, and C) <input type="text" value="1"/> Total Amount \$ <input type="text" value="3200"/></p> <p>Check here if you authorize us to share your tax information with the Medical Assistance Program for help finding health insurance. <input type="checkbox"/></p>
--	---

**INCOME**

1. Adjusted gross income from your federal return (See Instructions)	<input type="text" value="1"/>	<input type="text" value="49500"/>
1a. Wages, salaries and/or tips (See Instructions)	<input type="text" value="1a"/>	
<b>ADDITIONS TO INCOME</b> (See Instructions)		
2. Tax-exempt interest on state and local obligations (bonds) other than Maryland	<input type="text" value="2"/>	
3. State retirement pickup	<input type="text" value="3"/>	
4. Lump sum distributions (from worksheet in Instructions)	<input type="text" value="4"/>	
5. Other additions (Enter code letter(s) from Instructions)	<input type="text" value="G"/>	
6. Total additions to Maryland income (Add lines 2 through 5)	<input type="text" value="6"/>	
7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6)	<input type="text" value="7"/>	<input type="text" value="49500"/>
<b>SUBTRACTIONS FROM INCOME</b> (See Instructions)		
8. Taxable refunds, credits or offsets of state and local income taxes included in line 1 above	<input type="text" value="8"/>	
9. Child and dependent care expenses	<input type="text" value="9"/>	
10. Pension exclusion from worksheet in Instructions	<input type="text" value="10"/>	
11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1 above	<input type="text" value="11"/>	
12. Income received during period of nonresidence (See Instructions)	<input type="text" value="12"/>	
13. Subtractions from attached Form 502SU (See Instructions)	<input type="text" value="13"/>	
14. Two-income subtraction from worksheet in Instructions	<input type="text" value="14"/>	
15. Total subtractions from Maryland income (Add lines 8 through 14)	<input type="text" value="15"/>	
16. Maryland adjusted gross income (Subtract line 15 from line 7)	<input type="text" value="16"/>	<input type="text" value="49500"/>
<b>DEDUCTION METHOD</b> (All taxpayers must select one method and check the appropriate box)		
STANDARD DEDUCTION METHOD (Enter amount on line 17) <input checked="" type="checkbox"/>		
ITEMIZED DEDUCTION METHOD (Complete lines 17a and 17b) <input type="checkbox"/>		
Total federal itemized deductions (from line 29, federal Schedule A) <input type="text" value="17a"/>		
State and local income taxes included in federal Schedule A, line 5 <input type="text" value="17b"/>		
17. Deduction amount (Part-year residents see Instructions)	<input type="text" value="17"/>	<input type="text" value="2000"/>
18. Net income (Subtract line 17 from line 16)	<input type="text" value="18"/>	<input type="text" value="47500"/>
19. Exemption amount from Exemptions area above (See Instructions)	<input type="text" value="19"/>	<input type="text" value="3200"/>
20. Taxable net income (Subtract line 19 from line 18)	<input type="text" value="20"/>	<input type="text" value="44300"/>

Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME AMIL PATEL

SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 44300, Line 22: 2053, Line 28: 2053.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 1418, Line 33: 1418.

Table with 5 rows for Total Maryland and local tax. Line 34: 3471, Line 38: 3471.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 3600, Line 43: 3600.

Table with 2 rows for Balance due and Overpayment. Line 44: 129.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 129, Line 48: 129.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) 50c. Account number

Daytime telephone no. Home telephone no. CODE NUMBERS (3 digits per box)

Check here [ ] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature Date Spouse's signature Date

Preparer's SSN or PTIN (required by law) Signature of preparer other than taxpayer

Address and telephone number of preparer

## *Case Three: Visiting Fellow Claiming Treaty Benefits as a Single Resident Alien*

Krystyna Duda is a Visiting Fellow from Poland and is present in the US under a type J visa. She arrived in the US on March 26, 2009 for a two-year appointment at the NIH, and her appointment was extended for one year. She is entitled to claim treaty benefits as a trainee under Article 18 of the US-Poland tax treaty for a period of five years. Krystyna is single and lives in Rockville, MD. She has the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$50,000
Interest income from bank savings account reported on Form 1099-INT	\$26

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal standard deduction	\$5,800
Maryland standard deduction	\$2,000

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$0
Maryland estimated tax payments:	
April 15, 2011	\$900
June 15, 2011	\$900
September 15, 2011	\$900
January 17, 2012	\$900
Total payments	\$3,600

2011 is Krystyna's third year in the US. Therefore, she is no longer an exempt individual and must begin counting her days of presence. Krystyna stayed in the US for all of 2011 and therefore meets the substantial presence test. Accordingly, she should file her federal tax return as a resident alien on Form 1040.

Krystyna should report her fellowship grant income on Form 1040, line 7 for wages, salaries, tips, etc. and print "SCH" on the dotted line next to line 7. To claim the treaty benefit, she should report her excluded fellowship grant as a negative number on line 21, Other Income. In the space provided next to line 21, Krystyna should write "Exempt Income", the name of the treaty country, and the treaty article that provides the exemption. In this case, "Exempt Income, US-Poland Tax Treaty, Article 18". Alternatively, Krystyna could attach a supporting statement to her return with the same information and reference the statement on line 21. Since the only treaty benefit Krystyna is claiming is for a taxable fellowship grant, she does not have to file Form 8833.

Because she is a resident alien, Krystyna must rely on the saving clause exception in the US-Poland tax treaty to claim her treaty benefits. She should provide NIH with Form W-9 and attach a statement with the required information. See the section "[Claiming a Tax Treaty Benefit as a Resident Alien](#)" for details.

Because Krystyna lived in Maryland for at least 183 days in 2011, she is considered a resident. Therefore, she should file Maryland Form 502. She should add back on her Maryland return the fellowship grant that she excluded from income on her federal tax return and report it in the "Additions to Income" section on line 5, using code "g".

For the year Jan. 1-Dec. 31, 2011, or other tax year beginning \_\_\_\_\_, 2011, ending \_\_\_\_\_, 20

Your first name and initial **KRYSTYNA** Last name **DUDA** See separate instructions.  
 Your social security number **123 45 6789**

If a joint return, spouse's first name and initial \_\_\_\_\_ Last name \_\_\_\_\_ Spouse's social security number \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. **5 WARSAW WAY** Apt. no. \_\_\_\_\_  
 Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. **ROCKVILLE, MD 20852**

Foreign country name \_\_\_\_\_ Foreign province/county \_\_\_\_\_ Foreign postal code \_\_\_\_\_  
 Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
 You  Spouse

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶ \_\_\_\_\_  
 4  Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶ \_\_\_\_\_  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, do not check box 6a  
 b  Spouse  
 c **Dependents:**  
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  if child under age 17 qualifying for child tax credit  
 Boxes checked on 6a and 6b **1**  
 No. of children on 6c who:  
 • lived with you \_\_\_\_\_  
 • did not live with you due to divorce or separation (see instructions) \_\_\_\_\_  
 Dependents on 6c not entered above  
 Add numbers on lines above **1**  
 d Total number of exemptions claimed \_\_\_\_\_

**Income**  
 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **SCH** 7 **50,000.**  
 8a Taxable interest. Attach Schedule B if required 8a **26.**  
 b Tax-exempt interest. Do not include on line 8a 8b \_\_\_\_\_  
 9a Ordinary dividends. Attach Schedule B if required 9a \_\_\_\_\_  
 b Qualified dividends 9b \_\_\_\_\_  
 10 Taxable refunds, credits, or offsets of state and local income taxes 10 \_\_\_\_\_  
 11 Alimony received 11 \_\_\_\_\_  
 12 Business income or (loss). Attach Schedule C or C-EZ 12 \_\_\_\_\_  
 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  13 \_\_\_\_\_  
 14 Other gains or (losses). Attach Form 4797 14 \_\_\_\_\_  
 15a IRA distributions 15a \_\_\_\_\_ b Taxable amount 15b \_\_\_\_\_  
 16a Pensions and annuities 16a \_\_\_\_\_ b Taxable amount 16b \_\_\_\_\_  
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 \_\_\_\_\_  
 18 Farm income or (loss). Attach Schedule F 18 \_\_\_\_\_  
 19 Unemployment compensation 19 \_\_\_\_\_  
 20a Social security benefits 20a \_\_\_\_\_ b Taxable amount 20b \_\_\_\_\_  
 21 Other income. List type and amount **SEE STATEMENT 1** 21 **<50,000.>**  
 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income 22 **26.**

**Adjusted Gross Income**  
 23 Educator expenses 23 \_\_\_\_\_  
 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 \_\_\_\_\_  
 25 Health savings account deduction. Attach Form 8889 25 \_\_\_\_\_  
 26 Moving expenses. Attach Form 3903 26 \_\_\_\_\_  
 27 Deductible part of self-employment tax. Attach Schedule SE 27 \_\_\_\_\_  
 28 Self-employed SEP, SIMPLE, and qualified plans 28 \_\_\_\_\_  
 29 Self-employed health insurance deduction 29 \_\_\_\_\_  
 30 Penalty on early withdrawal of savings 30 \_\_\_\_\_  
 31a Alimony paid b Recipient's SSN ▶ \_\_\_\_\_ 31a \_\_\_\_\_  
 32 IRA deduction 32 \_\_\_\_\_  
 33 Student loan interest deduction 33 \_\_\_\_\_  
 34 Tuition and fees. Attach Form 8917 34 \_\_\_\_\_  
 35 Domestic production activities deduction. Attach Form 8903 35 \_\_\_\_\_  
 36 Add lines 23 through 35 36 \_\_\_\_\_  
 37 Subtract line 36 from line 22. This is your adjusted gross income 37 **26.**

Tax and Credits

Standard Deduction for - People who check any box on line 39a or 39b or who can be claimed as a dependent.

All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500

Table with 3 columns: Line number, Description, and Amount. Includes lines 38-55 for Tax and Credits.

Other Taxes

Table with 3 columns: Line number, Description, and Amount. Includes lines 56-61 for Other Taxes.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with 3 columns: Line number, Description, and Amount. Includes lines 62-72 for Payments.

Refund

Direct deposit? See instructions.

Table with 3 columns: Line number, Description, and Amount. Includes lines 73-75 for Refund.

Amount You Owe

Table with 3 columns: Line number, Description, and Amount. Includes lines 76-77 for Amount You Owe.

Third Party Designee

Form for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Joint return? See instructions. Keep a copy for your records.

Signature area with fields for preparer and spouse signatures, dates, and occupations.

Paid Preparer Use Only

Form for Paid Preparer Use Only with fields for name, signature, date, and firm information.

**SCHEDULE B**  
**(Form 1040A or 1040)**

Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return

**Interest and Ordinary Dividends**

▶ **Attach to Form 1040A or 1040.**

▶ **See instructions.**

OMB No. 1545-0074

**2011**  
Attachment  
Sequence No. **08**

Your social security number

**KRYSTYNA DUDA**

**123 45 6789**

**Part I**  
**Interest**

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ▶  
**NIH FEDERAL CREDIT UNION**

**Note.** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**Amount**

**26.**

**1**

**2** Add the amounts on line 1 ..... **26.**  
**3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 ..... **3**  
**4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ... ▶ **26.**

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Amount**

**Part II**  
**Ordinary Dividends**

**5** List name of payer ▶

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**5**

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ... ▶ **6**

**Note.** If line 6 is over \$1,500, you must complete Part III.

**Part III**  
**Foreign Accounts and Trusts**

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Yes No**

**7a** At any time during 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions ..... **X**  
If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements .....

**b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ..... ▶

**8** During 2011, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions ..... **X**

127501  
11-02-11

LHA For Paperwork Reduction Act Notice, see separate instructions.

Schedule B (Form 1040A or 1040) 2011



FORM 1040 MISCELLANEOUS INCOME STATEMENT 1

DESCRIPTION	AMOUNT
EXEMPT INCOME, US-POLAND TAX TREATY, ARTICLE 18	<50,000.>
TOTAL TO FORM 1040, LINE 21	<50,000.>

FORM 1040 WAGES RECEIVED AND TAXES WITHHELD STATEMENT 2

T S EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
T NATIONAL INSTITUTES OF HEALTH	50,000.				2,100.	725.
TOTALS	50,000.				2,100.	725.



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address (5 WARSAW WAY, ROCKVILLE, MD).

FILING STATUS section with options for Single, Married filing joint return, Married filing separately, Head of household, etc.

EXEMPTIONS and PART-YEAR RESIDENT sections. Includes checkboxes for exemptions like Yourself, Spouse, 65 or over, Blind, and dates of Maryland residence.

INCOME section with lines 1 through 16. Includes Adjusted gross income (26), wages (50000), and total federal adjusted gross income (50026).

DEDUCTION METHOD section. Includes STANDARD DEDUCTION METHOD (selected) and ITEMIZED DEDUCTION METHOD. Total deduction amount is 2000, resulting in a taxable net income of 44826.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME KRISTYNA DUDA SSN 123456789

MARYLAND TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount. Lines 21-28. Total Maryland tax after credits: 2077.

LOCAL TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount. Lines 29-33. Local tax: 1434.

Table with 3 columns: Line number, Description, and Amount. Lines 34-38. Total Maryland and local tax: 3511.

Table with 3 columns: Line number, Description, and Amount. Lines 39-43. Total payments and credits: 3600.

Table with 3 columns: Line number, Description, and Amount. Lines 44-45. Balance due: 89.

Table with 3 columns: Line number, Description, and Amount. Lines 46-49. Total amount due: 89.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) 50c. Account number

Daytime telephone no. Home telephone no. CODE NUMBERS (3 digits per box)

Check here [ ] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature Date Spouse's signature Date

Preparer's SSN or PTIN (required by law) Signature of preparer other than taxpayer

Address and telephone number of preparer

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MD 502 OTHER ADDITIONS TO INCOME STATEMENT 1

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<u>DESCRIPTION</u>	<u>CODE</u>	<u>AMOUNT</u>
INCOME EXEMPT UNDER US-POLAND TAX TREATY	G	50000
TOTAL TO FORM 502, LINE 5		50000

## *Case Four: Visiting Fellow Claiming Treaty Benefits as a Married Resident Alien with a Working Spouse*

Jin Liu is a Visiting Fellow from China and is present in the US under a type J visa. He arrived in the US in October 2009 for a two-year appointment at the NIH, and his appointment was extended for one year. He is entitled to claim treaty benefits as a trainee under Article 20 of the US-China tax treaty for the time reasonably necessary to complete his training. Jin is married and his wife, An, has a part-time job. They live in Bethesda, MD. Jin and An have the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$45,000
Wages reported on Form W-2	\$22,575
Interest income from bank savings account reported on Form 1099-INT	\$263

### **Exemptions:**

Federal exemptions (2 x \$3,700)	\$7,400
State exemptions (2 x \$3,200)	\$6,400

### **Deductions:**

Federal standard deduction	\$11,600
Maryland standard deduction	\$4,000
Maryland two-income subtraction	\$1,200

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$0
Federal tax withheld from wages on Form W-2	\$1,215
Maryland estimated tax payments:	
April 15, 2011	\$800
June 15, 2011	\$800
September 15, 2011	\$800
January 17, 2012	\$800
Total payments	\$3,200
Maryland tax withheld from wages on Form W-2	\$1,029

2011 is Jin's third year in the US. Therefore, he is no longer an exempt individual and must begin counting his days of presence. Jin stayed in the US for all of 2011 and therefore meets the substantial presence test. Accordingly, he and his spouse should file their federal tax return as resident aliens on Form 1040. This enables him to use the "Married Filing Jointly" filing status and claim an additional \$3,700 exemption for his spouse.

Jin should report his fellowship grant income on Form 1040, line 7 for wages, salaries, tips, etc. and print "SCH" on the dotted line next to line 7. An's wage income should also be reported on line 7. To claim the treaty benefit, Jin should report his excluded fellowship grant as a negative number on line 21, Other Income. In the space provided next to line 21, Jin should write "Exempt Income", the name of the treaty country, and the treaty article that provides the exemption. In this case, "Exempt Income, US-China Tax Treaty, Article 20". Alternatively, Jin could attach a supporting statement to the return with the same information and reference the statement on line 21. Since the only treaty benefit Jin is claiming is for a taxable fellowship grant, he does not have to file Form 8833.

Because Jin and An lived in Maryland for at least 183 days in 2011, they are considered residents. Therefore, they should file Maryland Form 502. Jin should add back on their Maryland return the fellowship grant that he excluded from income on their federal tax return and report it in the "Additions to Income" section on line 5, using code "g".

For the year Jan. 1-Dec. 31, 2011, or other tax year beginning \_\_\_\_\_, 2011, ending \_\_\_\_\_, 20

Your first name and initial **JIN** Last name **LIU** See separate instructions.  
 Your social security number **123 45 6789**

If a joint return, spouse's first name and initial **AN** Last name **LIU** Spouse's social security number **987 65 4321**

Home address (number and street). If you have a P.O. box, see instructions. **7 SHANGHAI STREET** Apt. no.   
 ▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. **BETHESDA, MD 20854**

Foreign country name Foreign province/county Foreign postal code   
 Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.   
 You  Spouse

**Filing Status** 1  Single 4  Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here.   
 2  Married filing jointly (even if only one had income) 5  Qualifying widow(er) with dependent child   
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶

**Exemptions** 6a  Yourself. If someone can claim you as a dependent, do not check box 6a   
 b  Spouse   
 c **Dependents:** (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  if child under age 17 qualifying for child tax credit   
 No. of children on 6c who:   
 ● lived with you   
 ● did not live with you due to divorce or separation (see instructions)   
 Dependents on 6c not entered above   
 Add numbers on lines above ▶ **2**   
 d Total number of exemptions claimed **2**

**Income** 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **SCH** 7 **67,575.**   
 8a Taxable interest. Attach Schedule B if required 8a **263.**   
 b Tax-exempt interest. Do not include on line 8a 8b   
 9a Ordinary dividends. Attach Schedule B if required 9a   
 b Qualified dividends 9b   
 10 Taxable refunds, credits, or offsets of state and local income taxes 10   
 11 Alimony received 11   
 12 Business income or (loss). Attach Schedule C or C-EZ 12   
 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  13   
 14 Other gains or (losses). Attach Form 4797 14   
 15a IRA distributions 15a Taxable amount 15b   
 16a Pensions and annuities 16a Taxable amount 16b   
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17   
 18 Farm income or (loss). Attach Schedule F 18   
 19 Unemployment compensation 19   
 20a Social security benefits 20a Taxable amount 20b   
 21 Other income. List type and amount **SEE STATEMENT 1** 21 **<45,000.>**   
 22 Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶ 22 **22,838.**

**Adjusted Gross Income** 23 Educator expenses 23   
 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24   
 25 Health savings account deduction. Attach Form 8889 25   
 26 Moving expenses. Attach Form 3903 26   
 27 Deductible part of self-employment tax. Attach Schedule SE 27   
 28 Self-employed SEP, SIMPLE, and qualified plans 28   
 29 Self-employed health insurance deduction 29   
 30 Penalty on early withdrawal of savings 30   
 31a Alimony paid b Recipient's SSN ▶ 31a   
 32 IRA deduction 32   
 33 Student loan interest deduction 33   
 34 Tuition and fees. Attach Form 8917 34   
 35 Domestic production activities deduction. Attach Form 8903 35   
 36 Add lines 23 through 35 36   
 37 Subtract line 36 from line 22. This is your **adjusted gross income** ▶ 37 **22,838.**

Tax and Credits

Standard Deduction for - People who check any box on line 39a or 39b or who can be claimed as a dependent.

All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500

Table with 3 columns: Line number, Description, and Amount. Includes lines 38-55 for Tax and Credits.

Other Taxes

Table with 3 columns: Line number, Description, and Amount. Includes lines 56-61 for Other Taxes.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with 3 columns: Line number, Description, and Amount. Includes lines 62-72 for Payments.

Refund

Direct deposit? See instructions.

Table with 3 columns: Line number, Description, and Amount. Includes lines 73-75 for Refund.

Amount You Owe

Table with 3 columns: Line number, Description, and Amount. Includes lines 76-77 for Amount You Owe.

Third Party Designee

Form for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Joint return? See instructions. Keep a copy for your records.

Signature area with fields for preparer and spouse signatures, dates, and occupations.

Paid Preparer Use Only

Form for Paid Preparer Use Only with fields for name, signature, date, and EIN.

**SCHEDULE B**  
**(Form 1040A or 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Interest and Ordinary Dividends**

▶ **Attach to Form 1040A or 1040.**

▶ **See instructions.**

OMB No. 1545-0074

**2011**

Attachment  
Sequence No. **08**

Name(s) shown on return

Your social security number

JIN & AN LIU

123 45 6789

**Part I**  
**Interest**

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ▶

**BANK OF AMERICA**

**Amount**

263.

**Note.** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**2** Add the amounts on line 1

**2** 263.

**3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

**3**

**4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

**4** 263.

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Amount**

**Part II**  
**Ordinary Dividends**

**5** List name of payer ▶

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**5**

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

**6**

**Note.** If line 6 is over \$1,500, you must complete Part III.

**Part III**  
**Foreign Accounts and Trusts**

You must complete this part if you **(a)** had over \$1,500 of taxable interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Yes No**

**7a** At any time during 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions .....  
If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements .....

X

**b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶

**8** During 2011, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions .....

X

127501  
11-02-11

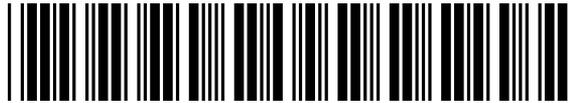


FORM 1040 MISCELLANEOUS INCOME STATEMENT 1

DESCRIPTION	AMOUNT
EXEMPT INCOME, US-CHINA TAX TREATY, ARTICLE 20	<45,000.>
TOTAL TO FORM 1040, LINE 21	<45,000.>

FORM 1040 WAGES RECEIVED AND TAXES WITHHELD STATEMENT 2

T S EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
S YING IMPORTS	22,575.	1,215.	1,029.		948.	327.
T NATIONAL INSTITUTES OF HEALTH	45,000.					
TOTALS	67,575.	1,215.	1,029.		948.	327.



OR FISCAL YEAR BEGINNING 2011, ENDING

Social Security number <b>123456789</b>		Spouse's Social Security number <b>987654321</b>	
Your First Name <b>JIN</b>	Initial	Last Name <b>LIU</b>	
Spouse's First Name <b>AN</b>	Initial	Last Name <b>LIU</b>	
Present Address (No. and street) <b>7 SHANGHAI STREET</b>			
City or Town <b>BETHESDA</b>		State <b>MD</b>	ZIP Code <b>20854</b>
Name of county and incorporated city, town or special taxing area in which you resided on the last day of the taxable period. (See Instructions)		Maryland County <b>MG</b>	City, Town, or Taxing Area

**FILING STATUS** See Instructions to determine if you are required to file. **CHECK ONE BOX**

1. <input type="checkbox"/> Single (if you can be claimed on another person's tax return, use Filing Status 6.)	4. <input type="checkbox"/> Head of household
2. <input checked="" type="checkbox"/> Married filing joint return or spouse had no income	5. <input type="checkbox"/> Qualifying widow(er) with dependent child
3. <input type="checkbox"/> Married filing separately	6. <input type="checkbox"/> Dependent taxpayer (Enter 0 in Exemption Box (A))

<p><b>PART-YEAR RESIDENT</b> If you began or ended legal residence in Maryland in 2011 place a <b>P</b> in the box</p> <p><b>Dates of Maryland Residence</b></p> <p>MO DAY YEAR ▶ <input type="checkbox"/></p> <p>FROM _____ TO _____</p> <p>Place an <b>M</b> or <b>P</b> in this box</p> <p>Other state of residence: _____</p> <p><b>MILITARY:</b> If you or your spouse has non-Maryland military income, place an <b>M</b> in the box. Enter amount here: _____</p>	<p>Spouse's Social Security Number</p> <p><b>EXEMPTIONS</b> (A) <input checked="" type="checkbox"/> Yourself <input checked="" type="checkbox"/> Spouse</p> <p>See Instructions (B) <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind</p> <p><b>NOTE: If you are claiming dependents, you must attach the Dependent Form 502B to this form in order to receive the applicable exemption amount.</b></p> <p>(A) Enter No. Checked <input type="checkbox"/> 2 See Ins. \$ <b>6400</b> (B) Enter No. Checked <input type="checkbox"/> X \$1,000 \$ _____</p> <p>(C) Enter No. Checked from line 1 of Dependent Form 502B <input type="checkbox"/> See Ins. \$ _____ (D) Enter Total Exemptions (Add A, B, and C) <input type="checkbox"/> 2 Total Amount \$ <b>6400</b></p> <p>Check here if you authorize us to share your tax information with the Medical Assistance Program for help finding health insurance. <input type="checkbox"/></p>
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<b>INCOME</b>	
1. Adjusted gross income from your federal return (See Instructions)	<input type="checkbox"/> 1 <b>22838</b>
1a. Wages, salaries and/or tips (See Instructions)	<input type="checkbox"/> 1a <b>67575</b>
<b>ADDITIONS TO INCOME</b> (See Instructions)	
2. Tax-exempt interest on state and local obligations (bonds) other than Maryland	<input type="checkbox"/> 2
3. State retirement pickup	<input type="checkbox"/> 3
4. Lump sum distributions (from worksheet in Instructions)	<input type="checkbox"/> 4
5. Other additions (Enter code letter(s) from Instructions) <b>STMT 1</b> <input type="checkbox"/> <b>G</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> 5 <b>45000</b>
6. Total additions to Maryland income (Add lines 2 through 5)	<input type="checkbox"/> 6 <b>45000</b>
7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6)	<input type="checkbox"/> 7 <b>67838</b>
<b>SUBTRACTIONS FROM INCOME</b> (See Instructions)	
8. Taxable refunds, credits or offsets of state and local income taxes included in line 1 above	<input type="checkbox"/> 8
9. Child and dependent care expenses	<input type="checkbox"/> 9
10. Pension exclusion from worksheet in Instructions	<input type="checkbox"/> 10
11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1 above	<input type="checkbox"/> 11
12. Income received during period of nonresidence (See Instructions)	<input type="checkbox"/> 12
13. Subtractions from attached Form 502SU (See Instructions) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> 13
14. Two-income subtraction from worksheet in Instructions <b>STMT 2</b> <b>STMT 3</b>	<input type="checkbox"/> 14 <b>1200</b>
15. Total subtractions from Maryland income (Add lines 8 through 14)	<input type="checkbox"/> 15 <b>1200</b>
16. Maryland adjusted gross income (Subtract line 15 from line 7)	<input type="checkbox"/> 16 <b>66638</b>
<b>DEDUCTION METHOD</b> (All taxpayers must select one method and check the appropriate box)	
STANDARD DEDUCTION METHOD (Enter amount on line 17) <input checked="" type="checkbox"/>	
ITEMIZED DEDUCTION METHOD (Complete lines 17a and 17b) <input type="checkbox"/>	
Total federal itemized deductions (from line 29, federal Schedule A)	<input type="checkbox"/> 17a
State and local income taxes included in federal Schedule A, line 5	<input type="checkbox"/> 17b
Subtract line 17b from line 17a and enter amount on line 17.	
17. Deduction amount (Part-year residents see Instructions)	<input type="checkbox"/> 17 <b>4000</b>
18. Net income (Subtract line 17 from line 16)	<input type="checkbox"/> 18 <b>62638</b>
19. Exemption amount from Exemptions area above (See Instructions)	<input type="checkbox"/> 19 <b>6400</b>
20. Taxable net income (Subtract line 19 from line 18)	<input type="checkbox"/> 20 <b>56238</b>

Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME JIN LIU SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 56238, Line 22: 2618, Line 28: 2618.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 1800, Line 33: 1800.

Table with 5 rows for Total Maryland and local tax. Line 34: 4418, Line 38: 4418.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 1029, Line 43: 4229.

Table with 2 rows for Balance due and Overpayment. Line 44: 189, Line 45: 189.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 189, Line 49: 189.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) [ ] 50c. Account number [ ]

Daytime telephone no. [ ] Home telephone no. [ ] CODE NUMBERS (3 digits per box) [ ]

Check here [ ] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature [ ] Date [ ] Spouse's signature [ ] Date [ ]

Preparer's SSN or PTIN (required by law) [ ] Signature of preparer other than taxpayer [ ]

156011 11-10-11 COM/RAD-009 11-05 Address and telephone number of preparer [ ]

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MD 502 OTHER ADDITIONS TO INCOME STATEMENT 1

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<u>DESCRIPTION</u>	<u>CODE</u>	<u>AMOUNT</u>
INCOME EXEMPT UNDER US-CHINA TAX TREATY	G	45000
TOTAL TO FORM 502, LINE 5		45000

MD 502 TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET STATEMENT 2

	(A) YOU	(B) YOUR SPOUSE
1 ENTER THE PORTION OF FEDERAL ADJUSTED GROSS INCOME FROM LINE 1 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .	132	22706
2 ENTER THE PORTION OF ADDITIONS TO INCOME FROM LINE 6 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .	45000	
3 ADD LINES 1 AND 2 . . . . .	45132	22706
4 ENTER THE PORTION OF SUBTRACTIONS FROM INCOME FROM LINES 8-13 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .		
5 SUBTRACT LINE 4 FROM LINE 3 . . . . .	45132	22706
6 COMPARE THE AMOUNTS ON LINES 5(A) AND (B) AND ENTER THE SMALLER AMOUNT HERE BUT NOT LESS THAN ZERO . . . . .		22706
7 ENTER \$1,200 OR THE AMOUNT ON LINE 6, WHICHEVER IS LESS. ENTER THIS AMOUNT ON LINE 14 OF FORM 502 . . . . .		1200

MD 502 TWO-INCOME SUBTRACTION - ADDITIONS TO INCOME STATEMENT 3

DESCRIPTION	(A) YOU	(B) YOUR SPOUSE
INCOME EXEMPT UNDER US-CHINA TAX TREATY	45000	0
TOTAL TO TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET, LINE 2	45000	0

## ***Case Five: Visiting Scientist Claiming Treaty Benefits as a Nonresident Alien Paid by a Professional Services Contract***

Aleksander Novak is a tax resident of the Czech Republic and is present in the US under a type J visa. He arrived in the US on October 1, 2011 to perform research at the NIH under a five-month professional services contract. Aleksander is entitled to claim treaty benefits under Article 14 of the US-Czech Republic tax treaty as a contractor performing independent personal services. Aleksander is married, but his family has not come with him to the US. He maintains his home and his job in the Czech Republic. Aleksander has the following income and expenses for 2011:

### **Income:**

Income from professional services contract reported on Form 1099-MISC	\$17,500
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### **Business Expenses:**

Airfare to the US	\$2,600
Apartment rental (\$1,350 per month x 3 months)	\$4,050
Local transportation (taxi, bus, Metro)	\$576
Meals @ per diem rate (92 days x \$71 = \$6,532) x 50%	\$3,266

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal itemized deductions	\$0
Maryland standard deduction	\$1,500

### **Taxes Paid:**

Federal estimated tax payments	\$0
Maryland estimated tax payments	\$0

Because Aleksander is a “J” visa holder, he qualifies as an exempt individual. He does not need to count his days of presence in the US for 2011. Since he does not meet the substantial presence test, he should file his federal tax return as an Other Married Nonresident Alien on Form 1040NR. Aleksander cannot claim exemptions for his spouse or children. He should report his contract income and expenses on Form 1040, Schedule C. Aleksander should also attach to his federal return Form 8843, “Statement for Exempt Individuals”, to establish his status as an exempt individual, and Form 8833, “Treaty-Based Return Position Disclosure”, to explain why he is entitled to claim a tax treaty benefit.

The term of Aleksander’s contract is less than one year, and he continues to maintain a tax home and job in the Czech Republic. Therefore, he can deduct his travel expenses to the US because his work at the NIH qualifies as a temporary assignment.

Because Aleksander’s permanent home is outside of Maryland and he did not maintain an abode in Maryland for at least 183 days in 2011, he is considered a nonresident. Therefore, he should file Maryland Form 505. He should add back on his Maryland return the net business profit that he excluded from income on his federal tax return and report it in the “Additions to Income” section on line 19, using code “e”.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (ALEKSANDER NOVAK), address (9 PRAHA PLACE, BETHESDA, MD 20854), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and spouse information.

Exemptions section including checkboxes for self, spouse, and dependents, with a table for dependent details.

Income section with multiple rows for different types of income (wages, interest, dividends, etc.) and a total line for effectively connected income.

Adjusted Gross Income section with rows for various deductions (educator expenses, health savings, etc.) and a final line for adjusted gross income.

Tax and Credits

37	Amount from line 36 (adjusted gross income)	37	
38	Itemized deductions from page 3, Schedule A, line 15	38	
39	Subtract line 38 from line 37	39	0.
40	Exemptions (see instructions)	40	3,700.
41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	0.
42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	
43	Alternative minimum tax (see instructions). Attach Form 6251	43	
44	Add lines 42 and 43	44	
45	Foreign tax credit. Attach Form 1116 if required	45	
46	Credit for child and dependent care expenses. Attach Form 2441	46	
47	Retirement savings contributions credit. Attach Form 8880	47	
48	Child tax credit (see instructions)	48	
49	Residential energy credits. Attach Form 5695	49	
50	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50	
51	Add lines 45 through 50. These are your total credits	51	
52	Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	0.

Other Taxes

53	Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
54	Self-employment tax. Attach Schedule SE (Form 1040)	54	
55	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
56	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
57	Transportation tax (see instructions)	57	
58a	Household employment taxes from Schedule H (Form 1040)	58a	
58b	b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
59	Other taxes. Enter code(s) from instructions	59	
60	Add lines 52 through 59. This is your total tax	60	

Payments

61	Federal income tax withheld from:		
61a	a Form(s) W-2, 1099	61a	
61b	b Form(s) 8805	61b	
61c	c Form(s) 8288-A	61c	
61d	d Form(s) 1042-S	61d	
62	2011 estimated tax payments and amount applied from 2010 return	62	
63	Additional child tax credit. Attach Form 8812	63	
64	Amount paid with request for extension to file (see instructions)	64	
65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
66	Credit for federal tax paid on fuels. Attach Form 4136	66	
67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67	
68	Credit for amount paid with Form 1040-C	68	
69	Add lines 61a through 68. These are your total payments	69	

Refund

Direct deposit? See instructions.

70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	0.
71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	
b	Routing number <input type="text"/>	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number <input type="text"/>		
e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.		
72	Amount of line 70 you want applied to your 2012 estimated tax	72	0.

Amount You Owe

73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	0.
74	Estimated tax penalty (see instructions)	74	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes. Complete below.  No

Designee's name  Phone no.  Personal identification number (PIN)

Sign Here

Keep a copy of this return for your records.

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  Date  Your occupation in the United States  
**SCIENTIFIC RESEARCH**

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name	Firm's EIN		Phone no.	
Firm's address				

**Schedule A - Itemized Deductions** (see instructions)

07

<b>Taxes You Paid</b>	1 State and local income taxes .....		<b>1</b>	
<b>Gifts to U.S. Charities</b>	<b>Caution:</b> <i>If you made a gift and received a benefit in return, see instructions.</i>			
	2 Gifts by cash or check. If you made any gift of \$250 or more, see instructions .....	<b>2</b>		
	3 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if the amount of your deduction is over \$500 .....	<b>3</b>		
	4 Carryover from prior year .....	<b>4</b>		
	5 Add lines 2 through 4 .....		<b>5</b>	
<b>Casualty and Theft Losses</b>	6 Casualty or theft loss(es). Attach Form 4684. See instructions .....		<b>6</b>	
<b>Job Expenses and Certain Miscellaneous Deductions</b>	7 Unreimbursed employee expenses - job travel, union dues, job education, etc. You <b>must</b> attach Form 2106 or Form 2106-EZ if required. See instr. ▶ .....	<b>7</b>		
	8 Tax preparation fees .....	<b>8</b>		
	9 Other expenses. See instructions for expenses to deduct here. List type and amount ▶ .....	<b>9</b>		
	10 Add lines 7 through 9 .....	<b>10</b>		
	11 Enter the amount from Form 1040NR, line 37 .....	<b>11</b>		
	12 Multiply line 11 by 2% (.02) .....	<b>12</b>		
	13 Subtract line 12 from line 10. If line 12 is more than line 10, enter -0- .....		<b>13</b>	
<b>Other Miscellaneous Deductions</b>	14 Other - see instructions for expenses to deduct here. List type and amount ▶ .....		<b>14</b>	
<b>Total Itemized Deductions</b>	15 Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38.		<b>15</b>	



**Schedule OI - Other Information** (see instructions)

Answer all questions

**A** Of what country or countries were you a citizen or national during the tax year? CZECH REPUBLIC

**B** In what country did you claim residence for tax purposes during the tax year? CZECH REPUBLIC

**C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States?  Yes  No

**D** Were you ever:  
**1.** A U.S. citizen?  Yes  No  
**2.** A green card holder (lawful permanent resident) of the United States?  Yes  No  
 If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.

**E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J

**F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status?  Yes  No  
 If you answered "Yes," indicate the date and nature of the change. ▶ \_\_\_\_\_

**G** List all dates you entered and left the United States during 2011 (see instructions).  
**Note.** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H  Canada  Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy
10/01/11	

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

**H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2009 \_\_\_\_\_, 2010 \_\_\_\_\_, and 2011 92.

**I** Did you file a U.S. income tax return for any prior year?  Yes  No  
 If "Yes," give the latest year and form number you filed. ▶ \_\_\_\_\_

**J** Are you filing a return for a trust?  Yes  No  
 If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person?  Yes  No

**K** Did you receive total compensation of \$250,000 or more during the tax year?  Yes  No  
 If "Yes," did you use an alternative method to determine the source of this compensation?  Yes  No

**L** Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.  
**1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year
CZECH REPUBLIC	14		
<b>(e) Total.</b> Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12			

**2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above?  Yes  No

# Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)

▶ Attach to your tax return.

Attach a separate Form 8833 for each treaty-based return position taken. Failure to disclose a treaty-based return position may result in a penalty of \$1,000 (\$10,000 in the case of a C corporation) (see section 6712).

Name **ALEKSANDER NOVAK** U.S. taxpayer identifying number **123-45-6789**

Address in country of residence **5 KARLOVY VARY STREET  
KARLOVY VARY 08087  
CZECH REPUBLIC** Address in the United States **9 PRAHA PLACE  
BETHESDA, MD 20854**

Check one or both of the following boxes as applicable:

- The taxpayer is disclosing a treaty-based return position as required by section 6114 .....
- The taxpayer is a dual-resident taxpayer and is disclosing a treaty-based return position as required by Regulations section 301.7701(b)-7 .....

Check this box if the taxpayer is a U.S. citizen or resident or is incorporated in the United States .....

**1** Enter the specific treaty position relied on:

**a** Treaty country CZECH REPUBLIC

**b** Article(s) 14

**2** List the Internal Revenue Code provision(s) overruled or modified by the treaty-based return position  
IRC SECTION 61

**3** Name, identifying number (if available to the taxpayer), and address in the United States of the payor of the income (if fixed or determinable annual or periodical). See instructions.  
**NATIONAL INSTITUTES OF HEALTH  
BUILDING 31, ROOM B1B06  
BETHESDA, MD 20892**

**4** List the provision(s) of the limitation on benefits article (if any) in the treaty that the taxpayer relies on to prevent application of that article ▶

**5** Explain the treaty-based return position taken. Include a brief summary of the facts on which it is based. Also, list the nature and amount (or a reasonable estimate) of gross receipts, each separate gross payment, each separate gross income item, or other item (as applicable) for which the treaty benefit is claimed  
I AM A CITIZEN AND RESIDENT OF THE CZECH REPUBLIC. I AM PRESENT IN THE US TO PERFORM SCIENTIFIC RESEARCH AT THE NATIONAL INSTITUTES OF HEALTH (NIH) UNDER A PROFESSIONAL SERVICES CONTRACT. THE TERM OF THE CONTRACT IS FIVE MONTHS.

GROSS RECEIPTS RECEIVED UNDER THIS CONTRACT DURING THE TAXABLE YEAR WERE \$17,500.

I ARRIVED IN THE US ON OCTOBER 1, 2011 UNDER A TYPE J VISA. UNDER IRC SECTION 7701(B), I AM AN EXEMPT INDIVIDUAL AND DO NOT MEET THE SUBSTANTIAL PRESENCE TEST FOR THE CURRENT TAX YEAR. I AM FILING FORM 1040NR AS A NONRESIDENT ALIEN. THEREFORE, THE SAVING CLAUSE UNDER ARTICLE 1(3) OF THE US-CZECH TAX TREATY DOES NOT APPLY.

ARTICLE 14(1) OF THE US-CZECH TAX TREATY PROVIDES THAT AN INDIVIDUAL WHO IS A RESIDENT OF THE CZECH REPUBLIC PERFORMING INDEPENDENT PERSONAL SERVICES IN THE US IS NOT TAXABLE IN THE US IF THE INDIVIDUAL IS PRESENT IN THE US FOR NO MORE THAN 183 DAYS IN ANY 12-MONTH PERIOD. ARTICLE 14(2) OF THE US-CZECH TAX TREATY DEFINES "PERSONAL SERVICES" TO INCLUDE INDEPENDENT SCIENTIFIC ACTIVITIES.

BECAUSE THE RESEARCH I PERFORM FOR THE NIH IS SCIENTIFIC, AND I HAVE NOT BEEN IN THE US FOR MORE THAN 183 DAYS, THE INCOME UNDER THIS CONTRACT MEETS THE EXEMPTION FROM US TAX UNDER ARTICLE 14 OF THE US-CZECH TAX TREATY.

**SCHEDULE C  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**

(Sole Proprietorship)

▶ For information on Schedule C and its instructions, go to [www.irs.gov/schedulec](http://www.irs.gov/schedulec)  
▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

**2011**

Attachment  
Sequence No. **09**

Name of proprietor <b>ALEKSANDER NOVAK</b>	Social security number (SSN) <b>123-45-6789</b>
A Principal business or profession, including product or service (see instructions) <b>SCIENTIFIC RESEARCH</b>	B Enter code from instructions <b>541700</b>
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN), (see instr.)

E Business address (including suite or room no.) ▶ **9 PRAHA PLACE**  
City, town or post office, state, and ZIP code **BETHESDA, MD 20854**

F Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶ \_\_\_\_\_

G Did you "materially participate" in the operation of this business during 2011? If "No," see instructions for limit on losses  Yes  No

H If you started or acquired this business during 2011, check here

I Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions)  Yes  No

J If "Yes," did you or will you file all required Forms 1099?  Yes  No

Part I Income	
1 a Merchant card and third party payments. For 2011, enter -0- .....	1a 0.
b Gross receipts or sales not entered on line 1a (see instructions) .....	1b 17,500.
c Income reported to you on Form W-2 if the "Statutory Employee" box on that form was checked. <b>Caution.</b> See instr. before completing this line .....	1c
d <b>Total gross receipts.</b> Add lines 1a through 1c .....	1d 17,500.
2 Returns and allowances plus any other adjustments (see instructions) .....	2
3 Subtract line 2 from line 1d .....	3 17,500.
4 Cost of goods sold (from line 42) .....	4
5 <b>Gross profit.</b> Subtract line 4 from line 3 .....	5 17,500.
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) .....	6
7 <b>Gross income.</b> Add lines 5 and 6 .....	7 17,500.

Part II Expenses		Enter expenses for business use of your home only on line 30.	
8 Advertising .....	8	18 Office expense .....	18
9 Car and truck expenses (see instructions) .....	9	19 Pension and profit-sharing plans .....	19
10 Commissions and fees .....	10	20 Rent or lease (see instructions):	
11 Contract labor (see instructions) .....	11	a Vehicles, machinery, and equipment .....	20a
12 Depletion .....	12	b Other business property .....	20b 4,050.
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) .....	13	21 Repairs and maintenance .....	21
14 Employee benefit programs (other than on line 19) .....	14	22 Supplies (not included in Part III) .....	22
15 Insurance (other than health) .....	15	23 Taxes and licenses .....	23
16 Interest:		24 Travel, meals, and entertainment:	
a Mortgage (paid to banks, etc.) .....	16a	a Travel .....	24a 3,176.
b Other .....	16b	b Deductible meals and entertainment (see instructions) .....	24b 3,266.
17 Legal and professional services .....	17	25 Utilities .....	25
28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a .....		26 Wages (less employment credits) .....	26
29 Tentative profit or (loss). Subtract line 28 from line 7 .....		27 a Other expenses (from line 48) .....	27a 7,008.
30 Expenses for business use of your home. Attach <b>Form 8829</b> . Do <b>not</b> report such expenses elsewhere .....		b <b>Reserved for future use</b> .....	27b
31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.		28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a .....	28 17,500.
• If a profit, enter on both <b>Form 1040, line 12</b> (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> .		29 Tentative profit or (loss). Subtract line 28 from line 7 .....	29 0.
If you entered an amount on line 1c, see instr. Estates and trusts, enter on <b>Form 1041, line 3</b> .		30 Expenses for business use of your home. Attach <b>Form 8829</b> . Do <b>not</b> report such expenses elsewhere .....	30
• If a loss, you <b>must</b> go to line 32.		31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.	31 0.
32 If you have a loss, check the box that describes your investment in this activity (see instructions).		• If a profit, enter on both <b>Form 1040, line 12</b> (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> .	
• If you checked 32a, enter the loss on both <b>Form 1040, line 12</b> , (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> .		If you entered an amount on line 1c, see the instructions for line 31. Estates and trusts, enter on <b>Form 1041, line 3</b> .	
• If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.		• If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.	

32a  All investment is at risk.  
32b  Some investment is not at risk.

LHA For Paperwork Reduction Act Notice, see separate instructions.

Schedule C (Form 1040) 2011

**Part III Cost of Goods Sold** (see instructions)

33 Method(s) used to value closing inventory:    a  Cost                      b  Lower of cost or market                      c  Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?  
If "Yes," attach explanation .....  Yes     No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation .....	35	
36 Purchases less cost of items withdrawn for personal use .....	36	
37 Cost of labor. Do not include any amounts paid to yourself .....	37	
38 Materials and supplies .....	38	
39 Other costs .....	39	
40 Add lines 35 through 39 .....	40	
41 Inventory at end of year .....	41	
42 <b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on line 4 .....	42	

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year)    ▶    /    /

44 Of the total number of miles you drove your vehicle during 2011, enter the number of miles you used your vehicle for:  
a Business \_\_\_\_\_    b Commuting \_\_\_\_\_    c Other \_\_\_\_\_

45 Was your vehicle available for personal use during off-duty hours? .....  Yes     No

46 Do you (or your spouse) have another vehicle available for personal use? .....  Yes     No

47 a Do you have evidence to support your deduction? .....  Yes     No  
b If "Yes," is the evidence written? .....  Yes     No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

<b>NET PROFIT EXEMPT UNDER ARTICLE 14 OF US-CZECH TAX TREATY</b>	7,008.
<b>48 Total other expenses.</b> Enter here and on line 27a .....	<b>48</b> 7,008.

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **ALEKSANDER NOVAK** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence

Address in the United States

**Part I General Information**

**1a** Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**

**b** Current nonimmigrant status and date of change ► \_\_\_\_\_

**2** Of what country were you a citizen during the tax year? **CZECH REPUBLIC**

**3a** What country issued you a passport? **CZECH REPUBLIC**

**b** Enter your passport number ► **J865478K**

**4a** Enter the actual number of days you were present in the United States during:  
2011 **92** 2010 \_\_\_\_\_ 2009 \_\_\_\_\_

**b** Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **92**

**Part II Teachers and Trainees**

**5** For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_

**6** For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**

**7** Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 **TYPE J**. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)? .....  Yes  No  
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

**9** Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_

**10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_

**11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? .....  Yes  No  
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.

**13** During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? .....  Yes  No

**14** If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

\_\_\_\_\_  
Physician's or other medical official's signature Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date



Social Security Number <b>123456789</b>		Spouse's Social Security Number	
Your first name <b>ALEKSANDER</b>	Initial	Last name <b>NOVAK</b>	
Spouse's first name	Initial	Last name	
Present Address (No. and street) <b>9 PRAHA PLACE</b>			
City or Town <b>BETHESDA</b>		State <b>MD</b>	ZIP Code <b>20854</b>

**FILING STATUS** See Instructions to determine if you are required to file.

**CHECK ONE BOX**

1.  Single (If you can be claimed on another person's tax return, use Filing Status 6.)

2.  Married filing joint return or spouse had no income

3.  Married filing separately

4.  Head of household

5.  Qualifying widow(er) with dependent child

6.  Dependent taxpayer (Enter 0 in Exemption Box (A) - See Instructions)

Spouse's Social Security number \_\_\_\_\_

**RESIDENCE INFORMATION** - See Instructions

Enter your state of legal residence. Enter 2-letter state code

**FC** Borough/Township (PA)

Check here for Maryland taxes withheld in error

Were you a resident for the entire year of 2011?  
Yes  No  If no, attach explanation.

Are you or your spouse a member of the military? Yes  No

Did you file a Maryland income tax return for 2010? Yes  No

If "Yes," was it a  Resident or a  Nonresident return?

Advise dates you resided within Maryland for 2011. If none, enter "NONE."

FROM NONE TO

**EXEMPTIONS** (A)  Yourself  Spouse

(B)  65 or over  Blind  65 or over  Blind

**NOTE: If you are claiming dependents, you must attach the Dependent Form 502B to this form in order to receive the applicable exemption amount.**

(A) Enter No. Checked ... **1** \$ **3200** See Instructions

(B) Enter No. Checked .....  \$ \_\_\_\_\_ X \$1,000

(C) Enter No. Checked from line 1 of Dependent Form 502B .....  \$ \_\_\_\_\_ See Instructions

(D) Enter Total Exemptions (Add A, B and C)  **1** \$ **3200** Total Amount

**INCOME AND ADJUSTMENTS INFORMATION** (See Instructions)

	(1) FEDERAL INCOME (LOSS)	(2) MARYLAND INCOME (LOSS)	(3) NON-MARYLAND INCOME (LOSS)
1. Wages, salaries, tips, etc.	1		
2. Taxable interest income	2		
3. Dividend income	3		
4. Taxable refunds, credits or offsets of state and local income taxes	4		
5. Alimony received	5		
6. Business income or (loss)	6		
7. Capital gain or (loss)	7		
8. Other gains or (losses) (from federal Form 4797)	8		
9. Taxable amount of pensions, IRA distributions, and annuities	9		
10. Rents, royalties, partnerships, estates, trusts, etc. (Mark appropriate item)	10		
11. Farm income or (loss)	11		
12. Unemployment compensation (insurance)	12		
13. Taxable amount of Social Security and tier 1 railroad retirement benefits	13		
14. Other income (including lottery or other gambling winnings)	14		
15. Total income (Add lines 1 through 14)	15		
16. Total adjustments to income from federal return (IRA, alimony, etc.)	16		
17. Adjusted gross income (Subtract line 16 from 15)	17		

**ADDITIONS TO INCOME** (See Instructions)

18. Non-Maryland loss and adjustments

19. Other (Enter code letter(s) from Instructions) **SEE STATEMENT 1**  **E**

20. Total additions (Add lines 18 and 19)

21. Total federal adjusted gross income and Maryland additions (Add lines 17 (Column 1) and 20)

Dollars

18	
19	7008
20	7008
21	7008

**SUBTRACTIONS FROM INCOME** (See Instructions)

22. Taxable Military Income of Nonresident

23. Other (Enter code letter(s) from Instructions)

24. Total subtractions (Add lines 22 and 23)

25. Maryland adjusted gross income before subtraction of non-Maryland income. (Subtract line 24 from line 21)

22	
23	
24	
25	7008

**DEDUCTION METHOD** See Instructions (All taxpayers must select one method and check the appropriate box )

**STANDARD DEDUCTION METHOD** (Enter amount on line 26a)  **26a** 1500

**ITEMIZED DEDUCTION METHOD** (Complete lines 26b, c and d)

Total federal itemized deductions (from line 29, federal Schedule A) **26b** \_\_\_\_\_

State and local income taxes included in federal Schedule A, line 5 **26c** \_\_\_\_\_

Net itemized deductions (subtract line 26c from line 26b) **26d** \_\_\_\_\_

26. Deduction amount (Multiply lines 26a or 26d by the AGI factor) **26e** 100.0000 (from worksheet in Instructions) **26** 1500

Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



FORM MARYLAND  
**505NR** NONRESIDENT INCOME  
 TAX CALCULATION



2011

ATTACH TO YOUR TAX RETURN

Print Using Blue or Black Ink Only	Social Security number <b>123-45-6789</b>		Spouse's Social Security number	
	Your first name <b>ALEKSANDER</b>	Initial	Last name <b>NOVAK</b>	
	Spouse's first name <b>MARIA</b>	Initial	Last name	

If you are filing Form 505, use the Form 505NR instructions.

If you are filing Form 515, use the Form 505NR instructions.

**PART I - CALCULATION OF TAX WITHOUT ALLOWING CERTAIN MODIFICATIONS**

1. Enter Taxable net income from Form 505, line 31 (or Form 515, line 32) .....	<b>1</b>	2308
2. Enter tax from Tax Table or Computation Worksheet Schedules I or II. ....	<b>2</b>	63

Continue to Part II.

**PART II - CALCULATION OF MARYLAND TAX**

3. Enter your federal adjusted gross income from Form 505 (or Form 515), line 17 (Column 1) .....	<b>3</b>	
4. Enter your federal adjusted gross income plus additions from Form 505 (or 515) line 21 .....	<b>4</b>	7008
5. Enter the Taxable Military Income of a Nonresident from line 22 of Form 505 .....	<b>5</b>	0
6a. Enter your subtractions from line 23 of Form 505 or Form 515 .....	<b>6a</b>	
6b. Enter non-Maryland income from Form 505 (or 515) not included on lines 5 or 6a of this form (see instructions) ...	<b>6b</b>	
7. Add lines 5 through 6b .....	<b>7</b>	
8. Maryland Adjusted Gross Income. Subtract line 7 from line 4. ....	<b>8</b>	7008

**If you are using the standard deduction, recalculate the standard deduction based on the income on line 8 and enter on line 8a** .....

8a. ....	<b>8a</b>	1500
9. <b>Maryland Income Factor.</b> Divide line 8 by line 3. The factor cannot exceed 1 (100%) and cannot be less than zero (0%). If line 8 is 0 or less, the factor is 0. If line 8 is greater than 0 and line 3 is 0 or less, the factor is 1. ....	<b>9</b>	1.000000
10. Deduction amount. If you are using the standard deduction, multiply the standard deduction on line 8a by line 9 of this form and enter on line 10a. ....	<b>10a</b>	1500
If you are itemizing your deductions, multiply the deduction on Form 505, line 26d, by line 9 of this form and enter on line 10b. ....	<b>10b</b>	

**Form 515 Users, see Instructions.**

11. Net income (Subtract line 10a or 10b from line 8) .....	<b>11</b>	5508
12. Exemption amount. Multiply the total exemption amount on Form 505, line 28 (or Form 515, line 29) by line 9. ....	<b>12</b>	3200
13. Maryland Taxable Net Income (Subtract line 12 from line 11) .....	<b>13</b>	2308
14. Enter the tax amount from line 2 of this form. ....	<b>14</b>	63
15. Maryland Nonresident factor: Divide the amount on line 13 on this form by line 1. If more than 1.000000, enter 1.000000. If 0 or less, the factor is 0 .....	<b>15</b>	1.000000
16. Maryland Tax. Multiply line 14 by line 15. Enter this amount on Form 505, line 32a (Form 515, line 33). ....	<b>16</b>	63
17. Special nonresident tax. Multiply line 13 of this form by 1.25%. Enter this amount on Form 505, line 32b. If line 13 is 0 or less, enter 0 .....	<b>17</b>	29

**For Form 515 filers ONLY.**

**If you are: (1) a nonresident employed in Maryland and (2) you are a resident of a local jurisdiction that imposes a local income or earnings tax on Maryland residents; then you must file a Form 515 to report and pay a tax on your Maryland wages. Form 515 filers pay a local income tax instead of the Special Nonresident Tax.**

18. Local Income Tax. Multiply line 13 of this form by the local rate of the Maryland county (or Baltimore City) where you are employed. Enter this amount on Form 515, line 40. If line 13 is 0 or less, enter 0 .....	<b>18</b>	
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MD 505 OTHER ADDITIONS TO INCOME STATEMENT 1

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<u>DESCRIPTION</u>	<u>CODE</u>	<u>AMOUNT</u>
INCOME EXEMPT UNDER US-CZECH REPUBLIC TAX TREATY	E	7008
TOTAL TO FORM 505, LINE 19		7008

## ***SAMPLE TAX RETURNS FOR INDIVIDUALS WHO CANNOT CLAIM TAX TREATY BENEFITS***

The following pages provide sample tax returns for individuals who cannot claim tax treaty benefits in the circumstances described below:

**Case Six:** Visiting Fellow from Japan filing as a single nonresident alien

**Case Seven:** Visiting Scientist from Turkey claiming moving expenses

**Case Eight:** Visiting Fellow from Australia claiming business trip expenses

**Case Nine:** Visiting Fellow from Brazil claiming the standard deduction and filing as a married resident alien with a working spouse

**Case Ten:** Visiting Scientist filing a dual-status tax return

## *Case Six: Visiting Fellow from Japan Filing as a Single Nonresident Alien*

Aki Yamamoto is a Visiting Fellow from Japan and is present in the US under a type J visa. She has a two-year appointment at the NIH and lives in Bethesda, MD. Aki arrived in the US on June 1, 2011. Although there is a tax treaty between the US and Japan, Aki does not qualify to claim a benefit under Article 19 relating to trainees because her fellowship grant is from a US source, and the treaty only exempts from tax those payments that are made from outside the US. Aki is not married. She has the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$22,000
Interest income from bank savings account reported on Form 1099-INT	\$18

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal itemized deductions (Maryland taxes paid in 2011)	\$700
Maryland standard deduction	\$2,000

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$3,080
Maryland estimated tax payments:	
September 15, 2011	\$700
January 17, 2012	\$700
Total payments	\$1,400

Because Aki is a “J” visa holder, she qualifies as an exempt individual. She does not need to count her days of presence in the US for 2011. Since she does not meet the substantial presence test, she should file her federal tax return as an Other Single Nonresident Alien on Form 1040NR or Form 1040NR-EZ. Aki should also attach Form 8843, “Statement for Exempt Individuals”, to her federal return to establish her status as an exempt individual.

Because Aki lived in Maryland for at least 183 days in 2011, she is considered a part-year resident. Therefore, she should file Maryland Form 502. She should add back on her Maryland return the bank interest that she excluded from income on her federal tax return and report it in the “Additions to Income” section on line 5, using code “g”.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (AKI YAMAMOTO), address (2 TOKYO TERRACE), city (BETHESDA, MD 20854), and identifying number (123-45-6789).

Filing Status section with options for single, married, or other nonresident alien status. Includes spouse information fields.

Exemptions section including dependent information table and total exemptions claimed (1).

Income section with lines 8-23 detailing wages, interest, dividends, and other income, totaling 22,000.

Adjusted Gross Income section with lines 24-36 detailing deductions and resulting adjusted gross income of 22,000.

<b>Tax and Credits</b>	37	Amount from line 36 (adjusted gross income)	37	22,000.
	38	Itemized deductions from page 3, Schedule A, line 15	38	700.
	39	Subtract line 38 from line 37	39	21,300.
	40	Exemptions (see instructions)	40	3,700.
	41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	17,600.
	42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	2,219.
	43	Alternative minimum tax (see instructions). Attach Form 6251	43	
	44	Add lines 42 and 43	44	2,219.
	45	Foreign tax credit. Attach Form 1116 if required	45	
	46	Credit for child and dependent care expenses. Attach Form 2441	46	
	47	Retirement savings contributions credit. Attach Form 8880	47	
	48	Child tax credit (see instructions)	48	
49	Residential energy credits. Attach Form 5695	49		
50	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50		
51	Add lines 45 through 50. These are your total credits	51		
52	Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	2,219.	

<b>Other Taxes</b>	53	Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
	54	Self-employment tax. Attach Schedule SE (Form 1040)	54	
	55	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
	56	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
	57	Transportation tax (see instructions)	57	
	58a	Household employment taxes from Schedule H (Form 1040)	58a	
	58b	b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
	59	Other taxes. Enter code(s) from instructions	59	
60	Add lines 52 through 59. This is your total tax	60	2,219.	

<b>Payments</b>	61	Federal income tax withheld from:		
	a	Form(s) W-2, 1099	61a	
	b	Form(s) 8805	61b	
	c	Form(s) 8288-A	61c	
	d	Form(s) 1042-S	61d	3,080.
	62	2011 estimated tax payments and amount applied from 2010 return	62	
	63	Additional child tax credit. Attach Form 8812	63	
	64	Amount paid with request for extension to file (see instructions)	64	
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
	66	Credit for federal tax paid on fuels. Attach Form 4136	66	
67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67		
68	Credit for amount paid with Form 1040-C	68		
69	Add lines 61a through 68. These are your total payments	69	3,080.	

<b>Refund</b> <small>Direct deposit? See instructions.</small>	70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	861.
	71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	861.
	b	Routing number <input type="text"/>	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d	Account number <input type="text"/>		
	e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.		
	72	Amount of line 70 you want applied to your 2012 estimated tax	72	

<b>Amount You Owe</b>	73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	
	74	Estimated tax penalty (see instructions)	74	

<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>

<b>Sign Here</b> <small>Keep a copy of this return for your records.</small>	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="text"/>	Date <input type="text"/>	Your occupation in the United States <b>RESEARCH FELLOW</b>

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <input type="text"/>	Preparer's signature <input type="text"/>	Date <input type="text"/>	Check <input type="checkbox"/> if self-employed	PTIN <input type="text"/>
	Firm's name <input type="text"/>	Firm's EIN <input type="text"/>		Phone no. <input type="text"/>	
	Firm's address <input type="text"/>				





Schedule OI - Other Information (see instructions)

Answer all questions

A Of what country or countries were you a citizen or national during the tax year? JAPAN

B In what country did you claim residence for tax purposes during the tax year? JAPAN

C Have you ever applied to be a green card holder (lawful permanent resident) of the United States? Yes No [X]

D Were you ever: 1. A U.S. citizen? 2. A green card holder (lawful permanent resident) of the United States? Yes No [X]

E If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J VISA

F Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? Yes No [X]

G List all dates you entered and left the United States during 2011 (see instructions). Note. If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for Canada or Mexico and skip to item H

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy. Row 1: 06/01/11

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy. All cells empty.

H Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2009, 2010, and 2011 214

I Did you file a U.S. income tax return for any prior year? Yes No [X]

J Are you filing a return for a trust? Yes No [X]

K Did you receive total compensation of \$250,000 or more during the tax year? Yes No [X]

L Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.

Table with 4 columns: (a) Country, (b) Tax treaty article, (c) Number of months claimed in prior tax years, (d) Amount of exempt income in current tax year. All cells empty.

(e) Total. Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12

2. Were you subject to tax in a foreign country on any of the income shown in 1(d) above? Yes No [X]

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **AKI YAMAMOTO** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence \_\_\_\_\_

Address in the United States \_\_\_\_\_

**Part I General Information**

- 1a Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**
- b Current nonimmigrant status and date of change ► \_\_\_\_\_
- 2 Of what country were you a citizen during the tax year? **JAPAN**
- 3a What country issued you a passport? **JAPAN**
- b Enter your passport number ► **L546123C**
- 4a Enter the actual number of days you were present in the United States during:  
2011 **214** 2010 \_\_\_\_\_ 2009 \_\_\_\_\_
- b Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **214**

**Part II Teachers and Trainees**

- 5 For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_
- 6 For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**
- 7 Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)? .....  Yes  No  
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

- 9 Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_
- 10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_
- 11 Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? .....  Yes  No  
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.
- 13 During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? .....  Yes  No
- 14 If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

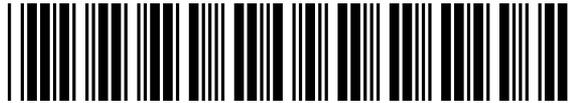
\_\_\_\_\_  
Physician's or other medical official's signature

\_\_\_\_\_  
Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date



OR FISCAL YEAR BEGINNING 2011, ENDING

Social Security number <b>123456789</b>		Spouse's Social Security number	
Your First Name <b>AKI</b>	Initial	Last Name <b>YAMAMOTO</b>	
Spouse's First Name	Initial	Last Name	
Present Address (No. and street) <b>2 TOKYO TERRACE</b>			
City or Town <b>BETHESDA</b>		State <b>MD</b>	ZIP Code <b>20854</b>
Name of county and incorporated city, town or special taxing area in which you resided on the last day of the taxable period. (See Instructions)		Maryland County <b>MG</b>	City, Town, or Taxing Area

**FILING STATUS** See Instructions to determine if you are required to file. **CHECK ONE BOX**

1. <input checked="" type="checkbox"/> Single (if you can be claimed on another person's tax return, use Filing Status 6.)	4. <input type="checkbox"/> Head of household
2. <input type="checkbox"/> Married filing joint return or spouse had no income	5. <input type="checkbox"/> Qualifying widow(er) with dependent child
3. <input type="checkbox"/> Married filing separately	6. <input type="checkbox"/> Dependent taxpayer (Enter 0 in Exemption Box (A))

<p><b>PART-YEAR RESIDENT</b> If you began or ended legal residence in Maryland in 2011 place a <b>P</b> in the box</p> <p><b>Dates of Maryland Residence</b></p> <table> <tr> <td>MO</td> <td>DAY</td> <td>YEAR</td> <td>▶</td> <td><b>P</b></td> </tr> <tr> <td><b>06</b></td> <td><b>01</b></td> <td><b>11</b></td> <td></td> <td></td> </tr> <tr> <td><b>TO</b></td> <td><b>12</b></td> <td><b>31</b></td> <td></td> <td></td> </tr> <tr> <td colspan="5">Place an <b>M</b> or <b>P</b> in this box</td> </tr> </table> <p>Other state of residence: <b>JAPAN</b></p> <p><b>MILITARY:</b> If you or your spouse has non-Maryland military income, place an <b>M</b> in the box. Enter amount here: _____</p>	MO	DAY	YEAR	▶	<b>P</b>	<b>06</b>	<b>01</b>	<b>11</b>			<b>TO</b>	<b>12</b>	<b>31</b>			Place an <b>M</b> or <b>P</b> in this box					<p>Spouse's Social Security Number</p> <p><b>EXEMPTIONS</b> (A) <input checked="" type="checkbox"/> Yourself <input type="checkbox"/> Spouse See Instructions (B) <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind <input type="checkbox"/> 65 or over <input type="checkbox"/> Blind</p> <p><b>NOTE: If you are claiming dependents, you must attach the Dependent Form 502B to this form in order to receive the applicable exemption amount.</b></p> <p>(A) Enter No. Checked <b>1</b> See Ins. \$ <b>3200</b> (B) Enter No. Checked ... <input type="checkbox"/> X \$1,000 \$ _____</p> <p>(C) Enter No. Checked from line 1 of Dependent Form 502B <input type="checkbox"/> See Ins. \$ _____ (D) Enter Total Exemptions (Add A, B, and C) <b>1</b> Total Amount \$ <b>3200</b></p> <p>Check here if you authorize us to share your tax information with the Medical Assistance Program for help finding health insurance. <input type="checkbox"/></p>
	MO	DAY	YEAR	▶	<b>P</b>																
<b>06</b>	<b>01</b>	<b>11</b>																			
<b>TO</b>	<b>12</b>	<b>31</b>																			
Place an <b>M</b> or <b>P</b> in this box																					

<b>INCOME</b>	
1. Adjusted gross income from your federal return (See Instructions)	▶ <b>1</b> <b>22000</b>
1a. Wages, salaries and/or tips (See Instructions)	▶ <b>1a</b> _____
<b>ADDITIONS TO INCOME</b> (See Instructions)	
2. Tax-exempt interest on state and local obligations (bonds) other than Maryland	▶ <b>2</b> _____
3. State retirement pickup	▶ <b>3</b> _____
4. Lump sum distributions (from worksheet in Instructions)	▶ <b>4</b> _____
5. Other additions (Enter code letter(s) from Instructions) <b>STMT 1</b> ▶ <b>G</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	▶ <b>5</b> <b>18</b>
6. Total additions to Maryland income (Add lines 2 through 5)	▶ <b>6</b> <b>18</b>
7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6)	▶ <b>7</b> <b>22018</b>
<b>SUBTRACTIONS FROM INCOME</b> (See Instructions)	
8. Taxable refunds, credits or offsets of state and local income taxes included in line 1 above	▶ <b>8</b> _____
9. Child and dependent care expenses	▶ <b>9</b> _____
10. Pension exclusion from worksheet in Instructions	▶ <b>10</b> _____
11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1 above	▶ <b>11</b> _____
12. Income received during period of nonresidence (See Instructions)	▶ <b>12</b> _____
13. Subtractions from attached Form 502SU (See Instructions) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	▶ <b>13</b> _____
14. Two-income subtraction from worksheet in Instructions	▶ <b>14</b> _____
15. Total subtractions from Maryland income (Add lines 8 through 14)	▶ <b>15</b> _____
16. Maryland adjusted gross income (Subtract line 15 from line 7)	▶ <b>16</b> <b>22018</b>
<b>DEDUCTION METHOD</b> (All taxpayers must select one method and check the appropriate box)	
<b>STANDARD DEDUCTION METHOD</b> (Enter amount on line 17) <input checked="" type="checkbox"/>	▶ <b>17</b> <b>2000</b>
<b>ITEMIZED DEDUCTION METHOD</b> (Complete lines 17a and 17b) <input type="checkbox"/>	▶ <b>17a</b> _____
Total federal itemized deductions (from line 29, federal Schedule A)	▶ <b>17b</b> _____
State and local income taxes included in federal Schedule A, line 5	▶ <b>17b</b> _____
Subtract line 17b from line 17a and enter amount on line 17.	▶ <b>17</b> <b>2000</b>
17. Deduction amount (Part-year residents see Instructions)	▶ <b>17</b> <b>2000</b>
18. Net income (Subtract line 17 from line 16)	▶ <b>18</b> <b>20018</b>
19. Exemption amount from Exemptions area above (See Instructions)	▶ <b>19</b> <b>3200</b>
20. Taxable net income (Subtract line 19 from line 18)	▶ <b>20</b> <b>16818</b>

Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME AKI YAMAMOTO

SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 16818, Line 22: 747, Line 28: 747.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 538, Line 33: 538.

Table with 5 rows for Total Maryland and local tax. Line 34: 1285, Line 38: 1285.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 1400, Line 43: 1400.

Table with 2 rows for Balance due and Overpayment. Line 44: 115, Line 45: 115.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 115, Line 48: 115, Line 49: 115.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) 50c. Account number

Daytime telephone no. Home telephone no. CODE NUMBERS (3 digits per box)

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature Date Spouse's signature Date

Preparer's SSN or PTIN (required by law) Signature of preparer other than taxpayer

Address and telephone number of preparer



## *Case Seven: Visiting Scientist from Turkey Claiming Moving Expenses*

Gazi Turan is a Visiting Scientist from Turkey and is present in the US under a type J visa. He arrived in the US on June 12, 2011 and lives in Bethesda, MD. Although there is a tax treaty between the US and Turkey, Gazi does not qualify to claim a benefit under Article 20 relating to personal services for scientific research because his income is from a US source, and the treaty only exempts from tax those payments that arise outside the US. Gazi is married and his spouse and child have accompanied him to the US. He has the following income and expenses for 2011:

### **Income:**

Wages reported on Form W-2	\$35,892
Interest income from bank savings account reported on Form 1099-INT	\$112

### **Moving Expenses:**

Airfare to the US	\$4,964
Transportation of household goods	\$3,846

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal itemized deductions	\$2,921
• Maryland taxes paid in 2011	\$2,871
• Charitable contribution to American Heart Association	\$50
Maryland standard deduction	\$2,000

### **Taxes Paid:**

Federal tax withheld from Form W-2	\$5,178
Maryland tax withheld from Form W-2	\$2,871

Because Gazi is a “J” visa holder, he qualifies as an exempt individual. He does not need to count his days of presence in the US for 2011. Since he does not meet the substantial presence test, he should file his federal tax return as an Other Married Nonresident Alien on Form 1040NR. He cannot claim exemptions for his spouse or child. Gazi should report his moving expenses on Form 3903, “Moving Expenses”, and attach it to his federal tax return. He should also attach Form 8843, “Statement for Exempt Individuals”, to his federal return to establish his status as an exempt individual.

Because Gazi lived in Maryland for at least 183 days in 2011, he is considered a part-year resident. Therefore, he should file Maryland Form 502. He should add back on his Maryland return the bank interest that he excluded from income on his federal tax return and report it in the “Additions to Income” section on line 5, using code “g”.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (GAZI TURAN), address (6 ISTANBUL CIRCLE, BETHESDA, MD 20854), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and spouse information.

Exemptions section including checkboxes for self, spouse, and dependents, with a table for dependent details.

Income section with lines 8 through 23, detailing wages, interest, dividends, and other income, totaling 35,892.

Adjusted Gross Income section with lines 24 through 36, detailing deductions and resulting in an adjusted gross income of 27,082.

<b>Tax and Credits</b>	37	Amount from line 36 (adjusted gross income)	37	27,082.	
	38	Itemized deductions from page 3, Schedule A, line 15	38	2,921.	
	39	Subtract line 38 from line 37	39	24,161.	
	40	Exemptions (see instructions)	40	3,700.	
	41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	20,461.	
	42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	2,646.	
	43	Alternative minimum tax (see instructions). Attach Form 6251	43		
	44	Add lines 42 and 43	44	2,646.	
	45	Foreign tax credit. Attach Form 1116 if required	45		
	46	Credit for child and dependent care expenses. Attach Form 2441	46		
	47	Retirement savings contributions credit. Attach Form 8880	47		
	<b>Other Taxes</b>	48	Child tax credit (see instructions)	48	
49		Residential energy credits. Attach Form 5695	49		
50		Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50		
51		Add lines 45 through 50. These are your total credits	51		
52		Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	2,646.	
53		Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53		
54		Self-employment tax. Attach Schedule SE (Form 1040)	54		
55		Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55		
56		Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56		
57		Transportation tax (see instructions)	57		
58a		Household employment taxes from Schedule H (Form 1040)	58a		
58b		b First-time homebuyer credit repayment. Attach Form 5405 if required	58b		
<b>Payments</b>	59	Other taxes. Enter code(s) from instructions	59		
	60	Add lines 52 through 59. This is your total tax	60	2,646.	
	61	Federal income tax withheld from:			
		a Form(s) W-2, 1099	61a	5,178.	
		b Form(s) 8805	61b		
		c Form(s) 8288-A	61c		
		d Form(s) 1042-S	61d		
		62	2011 estimated tax payments and amount applied from 2010 return	62	
		63	Additional child tax credit. Attach Form 8812	63	
		64	Amount paid with request for extension to file (see instructions)	64	
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65		
	66	Credit for federal tax paid on fuels. Attach Form 4136	66		
67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67			
68	Credit for amount paid with Form 1040-C	68			
69	Add lines 61a through 68. These are your total payments	69	5,178.		
<b>Refund</b> <small>Direct deposit? See instructions.</small>	70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	2,532.	
	71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	2,532.	
	b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
	d	Account number <input type="text"/>			
72	Amount of line 70 you want applied to your 2012 estimated tax	72			
<b>Amount You Owe</b>	73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73		
	74	Estimated tax penalty (see instructions)	74		
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No				
<b>Sign Here</b> <small>Keep a copy of this return for your records.</small>	Designee's name <input type="text"/>		Phone no. <input type="text"/>		
	Your signature <input type="text"/>		Date <input type="text"/>		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature		
	Firm's name <input type="text"/>		Date <input type="text"/>		
	Firm's address <input type="text"/>		Check <input type="checkbox"/> if self-employed PTIN <input type="text"/>		
	Firm's EIN <input type="text"/>		Phone no. <input type="text"/>		

**Schedule A - Itemized Deductions** (see instructions)

07

<b>Taxes You Paid</b>					
<b>1</b>	State and local income taxes .....			<b>1</b>	2,871.
<b>Gifts to U.S. Charities</b>					
<b>Caution:</b> If you made a gift and received a benefit in return, see instructions.					
<b>2</b>	Gifts by cash or check. If you made any gift of \$250 or more, see instructions .....	<b>2</b>	50.		
<b>3</b>	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if the amount of your deduction is over \$500 .....	<b>3</b>			
<b>4</b>	Carryover from prior year .....	<b>4</b>			
<b>5</b>	Add lines 2 through 4 .....	<b>5</b>			50.
<b>Casualty and Theft Losses</b>					
<b>6</b>	Casualty or theft loss(es). Attach Form 4684. See instructions .....			<b>6</b>	
<b>Job Expenses and Certain Miscellaneous Deductions</b>					
<b>7</b>	Unreimbursed employee expenses - job travel, union dues, job education, etc. You <b>must</b> attach Form 2106 or Form 2106-EZ if required. See instr. ▶ .....	<b>7</b>			
<b>8</b>	Tax preparation fees .....	<b>8</b>			
<b>9</b>	Other expenses. See instructions for expenses to deduct here. List type and amount ▶ .....	<b>9</b>			
<b>10</b>	Add lines 7 through 9 .....	<b>10</b>			
<b>11</b>	Enter the amount from Form 1040NR, line 37 .....	<b>11</b>			
<b>12</b>	Multiply line 11 by 2% (.02) .....	<b>12</b>			
<b>13</b>	Subtract line 12 from line 10. If line 12 is more than line 10, enter -0- .....	<b>13</b>			
<b>Other Miscellaneous Deductions</b>					
<b>14</b>	Other - see instructions for expenses to deduct here. List type and amount ▶ .....				
<b>15</b>	Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38.	<b>15</b>			2,921.



**Schedule OI - Other Information** (see instructions)

Answer all questions

**A** Of what country or countries were you a citizen or national during the tax year? TURKEY

**B** In what country did you claim residence for tax purposes during the tax year? TURKEY

**C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States?  Yes  No

**D** Were you ever:  
**1.** A U.S. citizen?  Yes  No  
**2.** A green card holder (lawful permanent resident) of the United States?  Yes  No  
If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.

**E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J

**F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status?  Yes  No  
If you answered "Yes," indicate the date and nature of the change. ▶ \_\_\_\_\_

**G** List all dates you entered and left the United States during 2011 (see instructions).  
**Note.** If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H  Canada  Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy
06/12/11	

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy

**H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2009 \_\_\_\_\_, 2010 \_\_\_\_\_, and 2011 203.

**I** Did you file a U.S. income tax return for any prior year?  Yes  No  
If "Yes," give the latest year and form number you filed. ▶ \_\_\_\_\_

**J** Are you filing a return for a trust?  Yes  No  
If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person?  Yes  No

**K** Did you receive total compensation of \$250,000 or more during the tax year?  Yes  No  
If "Yes," did you use an alternative method to determine the source of this compensation?  Yes  No

**L** Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.  
**1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year
<b>(e) Total.</b> Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12			

**2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above?  Yes  No

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **GAZI TURAN** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence

Address in the United States

**Part I General Information**

**1a** Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**

**b** Current nonimmigrant status and date of change ► \_\_\_\_\_

**2** Of what country were you a citizen during the tax year? **TURKEY**

**3a** What country issued you a passport? **TURKEY**

**b** Enter your passport number ► **X989802Z**

**4a** Enter the actual number of days you were present in the United States during:  
2011 **203** 2010 \_\_\_\_\_ 2009 \_\_\_\_\_

**b** Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **203**

**Part II Teachers and Trainees**

**5** For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_

**6** For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**

**7** Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)? .....  Yes  No

If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

**9** Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_

**10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_

**11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_. If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? .....  Yes  No

If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.

**13** During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? .....  Yes  No

**14** If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

\_\_\_\_\_  
Physician's or other medical official's signature Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date

# Moving Expenses

▶ Attach to Form 1040 or Form 1040NR.

**2011**

Attachment  
 Sequence No. **170**

Name(s) shown on return  <b>GAZI TURAN</b>	Your social security number  <b>123 45 6789</b>
--	---

**Before you begin:** ✓ See the **Distance Test** and **Time Test** in the instructions to find out if you can deduct your moving expenses.  
 ✓ See **Members of the Armed Forces** in the instructions, if applicable.

1 Transportation and storage of household goods and personal effects (see instructions) .....	<b>1</b>	<b>3,846.</b>
2 Travel (including lodging) from your old home to your new home (see instructions). <b>Do not</b> include the cost of meals	<b>2</b>	<b>4,964.</b>
3 Add lines 1 and 2 .....	<b>3</b>	<b>8,810.</b>
4 Enter the total amount your employer paid you for the expenses listed on lines 1 and 2 that is <b>not</b> included in box 1 of your Form W-2 (wages). This amount should be shown in box 12 of your Form W-2 with code <b>P</b> .....	<b>4</b>	
5 Is line 3 <b>more than</b> line 4?  <input type="checkbox"/> <b>No.</b> You <b>cannot</b> deduct your moving expenses. If line 3 is less than line 4, subtract line 3 from line 4 and include the result on Form 1040, line 7, or Form 1040NR, line 8.  <input checked="" type="checkbox"/> <b>Yes.</b> Subtract line 4 from line 3. Enter the result here and on Form 1040, line 26, or Form 1040NR, line 26. This is your <b>moving expense deduction</b> .....	<b>5</b>	<b>8,810.</b>

LHA For Paperwork Reduction Act Notice, see separate instructions.

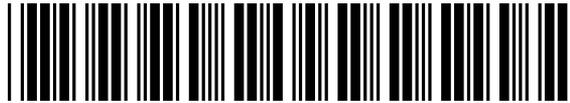
Form **3903** (2011)

FORM 1040NR

WAGES RECEIVED AND TAXES WITHHELD

STATEMENT 1

T S EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
T NATIONAL INSTITUTES OF HEALTH	35,892.	5,178.	2,871.		1,507.	520.
TOTALS	35,892.	5,178.	2,871.		1,507.	520.



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address.

FILING STATUS section with checkboxes for Single, Married, Head of household, etc.

PART-YEAR RESIDENT and EXEMPTIONS sections.

INCOME, ADDITIONS TO INCOME, SUBTRACTIONS FROM INCOME, and DEDUCTION METHOD sections.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME GAZI TURAN SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 30804, Line 22: 1412, Line 28: 1412.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 986, Line 33: 986.

Table with 5 rows for Total Maryland and local tax. Line 34: 2398, Line 38: 2398.

Table with 6 rows for Total Maryland and local tax withheld. Line 39: 2871, Line 43: 2871.

Table with 2 rows for Balance due and Overpayment. Line 44: blank, Line 45: 473.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 46, Line 47: REFUND, Line 48: blank, Line 49: 473.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) [ ] 50c. Account number [ ]

Daytime telephone no. [ ] Home telephone no. [ ] CODE NUMBERS (3 digits per box) [ ]

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature [ ] Date [ ] Spouse's signature [ ] Date [ ]

Preparer's SSN or PTIN (required by law) [ ] Signature of preparer other than taxpayer [ ]

Address and telephone number of preparer [ ]



## ***Case Eight: Visiting Fellow from Australia Claiming Business Trip Expenses***

Keith Jones is a Visiting Fellow from Australia and is present in the US under a type J visa. He has a two-year appointment at the NIH and lives in Bethesda, MD. Keith arrived in the US on April 1, 2010. Although there is a tax treaty between the US and Australia, Keith does not qualify to claim a benefit because the treaty provides no exemption for fellowship grants received by trainees. During 2011, Keith attended a five-day conference in New York, and he was not reimbursed by the NIH for his travel expenses. Keith is married and his spouse is with him in the US. He has the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$38,200
Interest income from bank savings account reported on Form 1099-INT	\$42
Refund of 2010 Maryland taxes	\$1,700

### **Exemptions:**

Federal exemptions (1)	\$3,700
State exemptions (1)	\$3,200

### **Deductions:**

Federal itemized deductions:

- Maryland taxes paid in 2011 (including 2010 amount paid in 2011) \$2,550
- Charitable contribution to American Cancer Society \$40
- Business trip expenses:
  - Auto expense to/from airport (56 miles x 51 cents per mile) \$29
  - Airfare to/from New York \$380
  - Hotel \$1,045
  - Local transportation \$80
  - Conference fees \$1,500
  - Meals during conference @ NY per diem rate  
(5 days x \$71) x 50% \$178

Maryland itemized deductions	\$2,487
------------------------------	---------

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$5,348
---	---------

Maryland estimated tax payments:

- |                    |       |
|--------------------|-------|
| June 15, 2011      | \$850 |
| September 15, 2011 | \$850 |
| January 17, 2012   | \$850 |

Total payments	\$2,550
----------------	---------

Because Keith is a “J” visa holder, he qualifies as an exempt individual. He does not need to count his days of presence in the US for 2010 and 2011. Since he does not meet the substantial presence test, he should file his federal tax return as an Other Married Nonresident Alien on Form 1040NR. He cannot claim an exemption for his spouse. Keith should report his business expenses on Form 2106, “Employee Business Expenses”, or Form 2106-EZ and attach it to his federal tax return. He should also attach Form 8843, “Statement for Exempt Individuals”, to his federal return to establish his status as an exempt individual.

Because Keith lived in Maryland for at least 183 days in 2011, he is considered a resident. Therefore, he should file Maryland Form 502. He should add back on his Maryland return the bank interest that he excluded from income on his federal tax return and report it in the “Additions to Income” section on line 5, using code “g”.

Department of the Treasury Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

Personal information section including name (KEITH JONES), address (3 SYDNEY STREET APT. NO. 806), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and spouse information.

Exemptions section including checkboxes for 'Yourself' and 'Spouse', and a table for dependents.

Income section with lines 8 through 23, including taxable interest, dividends, and other income, totaling 39,900.

Adjusted Gross Income section with lines 24 through 36, detailing deductions and resulting in an adjusted gross income of 39,900.

<b>Tax and Credits</b>	37	Amount from line 36 (adjusted gross income)	37	39,900.
	38	Itemized deductions from page 3, Schedule A, line 15	38	4,154.
	39	Subtract line 38 from line 37	39	35,746.
	40	Exemptions (see instructions)	40	3,700.
	41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	32,046.
	42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	4,379.
	43	Alternative minimum tax (see instructions). Attach Form 6251	43	
	44	Add lines 42 and 43	44	4,379.
	45	Foreign tax credit. Attach Form 1116 if required	45	
	46	Credit for child and dependent care expenses. Attach Form 2441	46	
	47	Retirement savings contributions credit. Attach Form 8880	47	
	<b>Other Taxes</b>	48	Child tax credit (see instructions)	48
49		Residential energy credits. Attach Form 5695	49	
50		Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50	
51		Add lines 45 through 50. These are your total credits	51	
52		Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	4,379.
53		Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
54		Self-employment tax. Attach Schedule SE (Form 1040)	54	
55		Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
56		Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
57		Transportation tax (see instructions)	57	
58a		Household employment taxes from Schedule H (Form 1040)	58a	
58b		b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
59	Other taxes. Enter code(s) from instructions	59		
60	Add lines 52 through 59. This is your total tax	60	4,379.	
<b>Payments</b>	61	Federal income tax withheld from:		
	a	Form(s) W-2, 1099	61a	
	b	Form(s) 8805	61b	
	c	Form(s) 8288-A	61c	
	d	Form(s) 1042-S	61d	5,348.
	62	2011 estimated tax payments and amount applied from 2010 return	62	
	63	Additional child tax credit. Attach Form 8812	63	
	64	Amount paid with request for extension to file (see instructions)	64	
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
	66	Credit for federal tax paid on fuels. Attach Form 4136	66	
	67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67	
	68	Credit for amount paid with Form 1040-C	68	
69	Add lines 61a through 68. These are your total payments	69	5,348.	
<b>Refund</b> <small>Direct deposit? See instructions.</small>	70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	969.
	71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	969.
	b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number <input type="text"/>		
	e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.		
	72	Amount of line 70 you want applied to your 2012 estimated tax	72	
<b>Amount You Owe</b>	73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	
	74	Estimated tax penalty (see instructions)	74	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No			
	Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>	
<b>Sign Here</b> <small>Keep a copy of this return for your records.</small>	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="text"/>	Date <input type="text"/>	Your occupation in the United States <b>RESEARCH FELLOW</b>	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <input type="text"/>	Preparer's signature <input type="text"/>	Date <input type="text"/>	Check <input type="checkbox"/> if self-employed PTIN <input type="text"/>
	Firm's name <input type="text"/>	Firm's EIN <input type="text"/>		
	Firm's address <input type="text"/>			
	Phone no. <input type="text"/>			

**Schedule A - Itemized Deductions** (see instructions)

07

<b>Taxes You Paid</b>					
<b>1</b>	State and local income taxes .....			<b>1</b>	<b>1,700.</b>
<b>Gifts to U.S. Charities</b>					
<b>Caution:</b> If you made a gift and received a benefit in return, see instructions.					
<b>2</b>	Gifts by cash or check. If you made any gift of \$250 or more, see instructions .....	<b>2</b>	<b>40.</b>		
<b>3</b>	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if the amount of your deduction is over \$500 .....	<b>3</b>			
<b>4</b>	Carryover from prior year .....	<b>4</b>			
<b>5</b>	Add lines 2 through 4 .....	<b>5</b>	<b>40.</b>		
<b>Casualty and Theft Losses</b>					
<b>6</b>	Casualty or theft loss(es). Attach Form 4684. See instructions .....	<b>6</b>			
<b>Job Expenses and Certain Miscellaneous Deductions</b>					
<b>7</b>	Unreimbursed employee expenses - job travel, union dues, job education, etc. You <b>must</b> attach Form 2106 or Form 2106-EZ if required. See instr. <b>FROM FORM 2106</b> .....	<b>7</b>	<b>3,212.</b>		
<b>8</b>	Tax preparation fees .....	<b>8</b>			
<b>9</b>	Other expenses. See instructions for expenses to deduct here. List type and amount .....	<b>9</b>			
<b>10</b>	Add lines 7 through 9 .....	<b>10</b>	<b>3,212.</b>		
<b>11</b>	Enter the amount from Form 1040NR, line 37 .....	<b>11</b>	<b>39,900.</b>		
<b>12</b>	Multiply line 11 by 2% (.02) .....	<b>12</b>	<b>798.</b>		
<b>13</b>	Subtract line 12 from line 10. If line 12 is more than line 10, enter -0- .....	<b>13</b>			<b>2,414.</b>
<b>Other Miscellaneous Deductions</b>					
<b>14</b>	Other - see instructions for expenses to deduct here. List type and amount .....			<b>14</b>	
<b>Total Itemized Deductions</b>					
<b>15</b>	Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38.	<b>15</b>			<b>4,154.</b>



Schedule OI - Other Information (see instructions)

Answer all questions

A Of what country or countries were you a citizen or national during the tax year? AUSTRALIA

B In what country did you claim residence for tax purposes during the tax year? AUSTRALIA

C Have you ever applied to be a green card holder (lawful permanent resident) of the United States? Yes No [X]

D Were you ever: 1. A U.S. citizen? Yes No [X] 2. A green card holder (lawful permanent resident) of the United States? Yes No [X]

If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.

E If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE J VISA

F Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? Yes No [X] If you answered "Yes," indicate the date and nature of the change.

G List all dates you entered and left the United States during 2011 (see instructions). Note. If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for Canada or Mexico and skip to item H

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy

H Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2009, 2010 275, and 2011 365

I Did you file a U.S. income tax return for any prior year? Yes No [X] If "Yes," give the latest year and form number you filed. 2010 FORM 1040NR

J Are you filing a return for a trust? Yes No [X] If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person? Yes No

K Did you receive total compensation of \$250,000 or more during the tax year? Yes No [X] If "Yes," did you use an alternative method to determine the source of this compensation? Yes No

L Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties. 1. Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required (see instructions).

Table with 4 columns: (a) Country, (b) Tax treaty article, (c) Number of months claimed in prior tax years, (d) Amount of exempt income in current tax year

(e) Total. Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12

2. Were you subject to tax in a foreign country on any of the income shown in 1(d) above? Yes No [X]

**Statement for Exempt Individuals and Individuals With a Medical Condition**  
**For use by alien individuals only.**

**2011**

Department of the Treasury  
Internal Revenue Service

For the year January 1-December 31, 2011, or other tax year

Attachment  
Sequence No. **102**

beginning \_\_\_\_\_, 2011, and ending \_\_\_\_\_, 20\_\_\_\_.

Your first name and initial **KEITH JONES** Last name \_\_\_\_\_ Your U.S. taxpayer identification number, if any **123-45-6789**

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

Address in country of residence

Address in the United States

**Part I General Information**

**1a** Type of U.S. visa (for example, F, J, M, Q, etc.) and date you entered the United States ► **INFORMATION PROVIDED ON FORM 1040NR**

**b** Current nonimmigrant status and date of change ► \_\_\_\_\_

**2** Of what country were you a citizen during the tax year? **AUSTRALIA**

**3a** What country issued you a passport? **AUSTRALIA**

**b** Enter your passport number ► **M632565K**

**4a** Enter the actual number of days you were present in the United States during:  
2011 **365** 2010 **275** 2009 \_\_\_\_\_

**b** Enter the number of days in 2011 you claim you can exclude for purposes of the substantial presence test ► **365**

**Part II Teachers and Trainees**

**5** For teachers, enter the name, address, and telephone number of the academic institution where you taught in 2011 ► \_\_\_\_\_

**6** For trainees, enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► **CANDELARIO ZAPATA, NATL INST OF HEALTH, BETHESDA, MD 20892 301.496.6166**

**7** Enter the type of U.S. visa (J or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 **J** . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (2005 through 2010)?  Yes  No

If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the *Exception* explained on page 3.

**Part III Students**

**9** Enter the name, address, and telephone number of the academic institution you attended during 2011 ► \_\_\_\_\_

**10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2011 ► \_\_\_\_\_

**11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_  
2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_ . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.

**12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years?  Yes  No

If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.

**13** During 2011, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States?  Yes  No

**14** If you checked the "Yes" box on line 13, explain ► \_\_\_\_\_

**Part IV Professional Athletes**

**15** Enter the name of the charitable sports event(s) in the United States in which you competed during 2011 and the dates of competition  
▶ \_\_\_\_\_  
\_\_\_\_\_

**16** Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)  
▶ \_\_\_\_\_  
\_\_\_\_\_

**Note.** You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

**Part V Individuals With a Medical Condition or Medical Problem**

**17a** Describe the medical condition or medical problem that prevented you from leaving the United States ▶ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**b** Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a  
▶ \_\_\_\_\_

**c** Enter the date you actually left the United States ▶ \_\_\_\_\_

**18 Physician's Statement:**

I certify that \_\_\_\_\_  
Name of taxpayer

was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

\_\_\_\_\_  
Name of physician or other medical official

\_\_\_\_\_  
Physician's or other medical official's address and telephone number

\_\_\_\_\_  
Physician's or other medical official's signature

\_\_\_\_\_  
Date

**Sign here only if you are filing this form by itself and not with your tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date

# Employee Business Expenses

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.  
▶ Attach to Form 1040 or Form 1040NR.

**2011**  
Attachment  
Sequence No. **129**

Your name <b>KEITH JONES</b>	Occupation in which you incurred expenses <b>RESEARCHER</b>	Social security number <b>123 45 6789</b>
---------------------------------	--	--

**Part I Employee Business Expenses and Reimbursements**

<b>Step 1 Enter Your Expenses</b>	<b>Column A</b> Other Than Meals and Entertainment	<b>Column B</b> Meals and Entertainment
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions.) ...	29.	
2 Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work .....	80.	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment .....	1,425.	
4 Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment ..... <b>SEE STATEMENT 3</b>	1,500.	
5 Meals and entertainment expenses (see instructions) .....		355.
6 <b>Total expenses.</b> In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5 .....	3,034.	355.

**Note:** If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

**Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1**

7 Enter reimbursements received from your employer that were <b>not</b> reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions) .....		
--	--	--

**Step 3 Figure Expenses To Deduct on Schedule A (Form 1040 or Form 1040NR)**

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7 (or on Form 1040NR, line 8) .....	3,034.	355.
<b>Note:</b> If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.) .....	3,034.	178.
10 Add the amounts on line 9 of both columns and enter the total here. <b>Also, enter the total on Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 7</b> ). (Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.) .....		3,212.

LHA For Paperwork Reduction Act Notice, see instructions.

Form 2106 (2011)

**Part II Vehicle Expenses**

Section A - General Information (You must complete this section if you are claiming vehicle expenses.)		(a) Vehicle 1	(b) Vehicle
11	Enter the date the vehicle was placed in service .....	01/01/11	
12	Total miles the vehicle was driven during 2011 .....	56 miles	miles
13	Business miles included on line 12 .....	56 miles	miles
14	Percent of business use. Divide line 13 by line 12 .....	100.00 %	%
15	Average daily roundtrip commuting distance .....	miles	miles
16	Commuting miles included on line 12 .....	miles	miles
17	Other miles. Add lines 13 and 16 and subtract the total from line 12 .....	miles	miles
18	Was your vehicle available for personal use during off-duty hours? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	
19	Do you (or your spouse) have another vehicle available for personal use? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	
20	Do you have evidence to support your deduction? .....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
21	If "Yes," is the evidence written? .....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**Section B - Standard Mileage Rate** (See the instructions for Part II to find out whether to complete this section or Section C.)

22	Multiply line 13 by 51¢ (.51) for miles driven <b>before</b> July 1, 2011, and by 55.5¢ (.555) for miles driven <b>after</b> June 30, 2011. Add the amounts, then enter the result here and on line 1 .....	22	29.
----	---	----	-----

Section C - Actual Expenses		(a) Vehicle	(b) Vehicle
23	Gasoline, oil, repairs, vehicle insurance, etc. ....		
24a	Vehicle rentals .....		
24b	b Inclusion amount (see instructions) .....		
24c	c Subtract line 24b from line 24a .....		
25	Value of employer-provided vehicle (applies only if 100% of annual lease value was included on Form W-2--see instructions) ....		
26	Add lines 23, 24c, and 25 .....		
27	Multiply line 26 by the percentage on ln 14 .....		
28	Depreciation (see instructions) .....		
29	Add lines 27 and 28. Enter total here and on line 1 .....		

**Section D - Depreciation of Vehicles** (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

		(a) Vehicle	(b) Vehicle
30	Enter cost or other basis (see instructions) .....		
31	Enter section 179 deduction and special allowance (see instructions) .....		
32	Multiply line 30 by line 14 (see instructions if you claimed the section 179 deduction or special allowance) .....		
33	Enter depreciation method and percentage (see instructions) .....		
34	Multiply line 32 by the percentage on line 33 (see instructions) .....		
35	Add lines 31 and 34 .....		
36	Enter the applicable limit explained in the line 36 instructions .....		
37	Multiply line 36 by the percentage on ln 14 .....		
38	Enter the <b>smaller</b> of line 35 or line 37. If you skipped lines 36 and 37, enter the amount from line 35. Also enter this amount on line 28 above .....		

FORM 1040NR	TAXABLE STATE AND LOCAL INCOME TAX REFUNDS		STATEMENT 1
	2010	2009	2008
NET TAX REFUNDS FROM STATE AND LOCAL INCOME TAX REFUNDS STMT.	1,700.		
LESS: REFUNDS-NO BENEFIT DUE TO AMT -SALES TAX BENEFIT REDUCTION			
1 NET REFUNDS FOR RECALCULATION	1,700.		
2 TOTAL ITEMIZED DEDUCTIONS BEFORE PHASEOUT	4,187.		
3 DEDUCTION NOT SUBJ TO PHASEOUT			
4 NET REFUNDS FROM LINE 1	1,700.		
5 LINE 2 MINUS LINES 3 AND 4	2,487.		
6 MULT LN 5 BY APPL SEC. 68 PCT			
7 PRIOR YEAR AGI			
8 ITEM. DED. PHASEOUT THRESHOLD			
9 SUBTRACT LINE 8 FROM LINE 7 (IF ZERO OR LESS, SKIP LINES 10 THROUGH 15, AND ENTER AMOUNT FROM LINE 1 ON LINE 16)			
10 MULT LN 9 BY APPL SEC. 68 PCT			
11 ALLOWABLE ITEMIZED DEDUCTIONS (LINE 5 LESS THE LESSER OF LINE 6 OR LINE 10)			
12 ITEM DED. NOT SUBJ TO PHASEOUT			
13A TOTAL ADJ. ITEMIZED DEDUCTIONS	2,487.		
13B PRIOR YR. STD. DED. AVAILABLE	0.		
14 PRIOR YR. ALLOWABLE ITEM. DED.	4,187.		
15 SUBTRACT THE GREATER OF LINE 13A OR LINE 13B FROM LINE 14	1,700.		
16 TAXABLE REFUNDS (LESSER OF LINE 15 OR LINE 1)	1,700.		
17 ALLOWABLE PRIOR YR. ITEM. DED.	4,187.		
18 PRIOR YEAR STD. DED. AVAILABLE	0.		
19 SUBTRACT LINE 18 FROM LINE 17	4,187.		
20 LESSER OF LINE 16 OR LINE 19	1,700.		
21 PRIOR YEAR TAXABLE INCOME	30,363.		
22 AMOUNT TO INCLUDE ON FORM 1040NR, LINE 11 * IF LINE 21 IS -0- OR MORE, USE AMOUNT FROM LINE 20 * IF LINE 21 IS A NEGATIVE AMOUNT, NET LINES 20 AND 21			1,700.
STATE AND LOCAL INCOME TAX REFUNDS PRIOR TO 2008			
TOTAL TO FORM 1040NR, LINE 11			1,700.

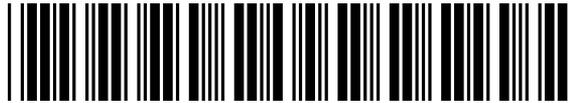
FORM 1040NR STATE AND LOCAL INCOME TAX REFUNDS STATEMENT 2

	2010	2009	2008
MARYLAND			
GROSS STATE/LOCAL INC TAX REFUNDS	2,550.		
LESS: TAX PAID IN FOLLOWING YEAR	850.		
NET TAX REFUNDS MARYLAND	1,700.		
TOTAL NET TAX REFUNDS	1,700.		

FORM 2106/SBE OTHER BUSINESS EXPENSES STATEMENT 3

RESEARCHER

DESCRIPTION	AMOUNT
CONFERENCE FEES	1,500.
TOTAL TO FORM 2106/SBE, PART I, LINE 4	1,500.



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address.

FILING STATUS section with checkboxes for Single, Married, Head of household, etc.

EXEMPTIONS section with checkboxes for Yourself, Spouse, 65 or over, Blind, etc.

INCOME section with lines 1 through 16 for reporting income and deductions.

DEDUCTION METHOD section with checkboxes for STANDARD and ITEMIZED methods, and lines 17 through 20.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME KEITH JONES

SSN 123456789

MARYLAND TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount. Lines 21-28. Total Maryland tax after credits: 1516.

LOCAL TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount. Lines 29-33. Local tax: 1057.

Table with 3 columns: Line number, Description, and Amount. Lines 34-38. Total Maryland and local tax: 2573.

Table with 3 columns: Line number, Description, and Amount. Lines 39-43. Total payments and credits: 2550.

Table with 3 columns: Line number, Description, and Amount. Lines 44-45. Balance due: 23.

Table with 3 columns: Line number, Description, and Amount. Lines 46-49. Total amount due: 23.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) 50c. Account number

Daytime telephone no. Home telephone no. CODE NUMBERS (3 digits per box)

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature Date Spouse's signature Date

Preparer's SSN or PTIN (required by law) Signature of preparer other than taxpayer

Address and telephone number of preparer



## ***Case Nine: Visiting Fellow from Brazil Claiming the Standard Deduction and Filing as a Married Resident Alien with a Working Spouse***

Luiz Villa is a Visiting Fellow from Brazil and is present in the US under a type J visa. He arrived in the US in 2009. There is no bilateral tax treaty between the US and Brazil. Luiz is married and his wife, Sofia, has a part-time job. They have one child and live in Bethesda, MD. Luiz and Sofia have the following income and expenses for 2011:

### **Income:**

Fellowship grant reported on Form 1042-S	\$49,200
Wages reported on Form W-2	\$27,536
Interest income from bank savings account reported on Form 1099-INT	\$112
Maryland tax refund from 2010	\$154

### **Exemptions:**

Federal exemptions (3 x \$3,700)	\$11,100
State exemptions (3 x \$3,200)	\$9,600

### **Deductions:**

Federal standard deduction	\$11,600
Maryland standard deduction	\$4,000
Maryland two-income subtraction	\$1,200

### **Taxes Paid:**

Federal tax withheld from fellowship grant on Form 1042-S	\$6,888
Federal tax withheld from wages on Form W-2	\$1,553

Maryland estimated tax payments:

April 15, 2011	\$900
June 15, 2011	\$900
September 15, 2011	\$900
January 17, 2012	\$900

Total payments	\$3,600
Maryland tax withheld from wages on Form W-2	\$1,477

### **Tax Credits:**

Child Tax Credit	\$1,000
------------------	---------

2011 is Luiz's third year in the US. Therefore, he is no longer an exempt individual and must begin counting his days of presence. Luiz stayed in the US for all of 2011 and therefore meets the substantial presence test.

Accordingly, he and his spouse should file their federal tax return as resident aliens on Form 1040. This enables Luiz to use the "Married Filing Jointly" filing status and claim two additional \$3,700 exemptions for his spouse and child. He is also eligible to claim the \$1,000 child tax credit.

Luiz should report his fellowship grant income on Form 1040, line 7 for wages, salaries, tips, etc. and print "SCH" on the dotted line next to line 7. Sofia's wage income should also be reported on line 7.

Because Luiz and Sofia lived in Maryland for at least 183 days in 2011, they are considered residents. Therefore, they should file Maryland Form 502. Luiz should subtract the 2010 state tax refund that he included as income on their federal tax return and report it in the "Subtractions From Income" section on line 8.

For the year Jan. 1-Dec. 31, 2011, or other tax year beginning \_\_\_\_\_, 2011, ending \_\_\_\_\_, 20

Your first name and initial **LUIZ** Last name **VILLA** See separate instructions.  
 Your social security number **123 45 6789**

If a joint return, spouse's first name and initial **SOFIA** Last name **VILLA** Spouse's social security number **987 65 4321**

Home address (number and street). If you have a P.O. box, see instructions. **21 RIO ROAD** Apt. no. \_\_\_\_\_  
 ▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. **BETHESDA, MD 20854**

Foreign country name \_\_\_\_\_ Foreign province/county \_\_\_\_\_ Foreign postal code \_\_\_\_\_  
 You  Spouse

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶ \_\_\_\_\_  
 4  Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶ \_\_\_\_\_  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, do not check box 6a  
 b  Spouse  
 c **Dependents:**  

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit
<b>MARCO P</b>	<b>VILLA</b>	<b>246 81 0121</b>	<b>SON</b>	<b>X</b>

 Boxes checked on 6a and 6b **2**  
 No. of children on 6c who:  
 ● lived with you **1**  
 ● did not live with you due to divorce or separation (see instructions) \_\_\_\_\_  
 Dependents on 6c not entered above  
 Add numbers on lines above ▶ **3**

**Income**  
 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **SCH** **7** **76,736.**  
 8a Taxable interest. Attach Schedule B if required **8a** **112.**  
 b Tax-exempt interest. Do not include on line 8a **8b** \_\_\_\_\_  
 9a Ordinary dividends. Attach Schedule B if required **9a** \_\_\_\_\_  
 b Qualified dividends **9b** \_\_\_\_\_  
 10 Taxable refunds, credits, or offsets of state and local income taxes **10** **154.**  
 11 Alimony received **11** \_\_\_\_\_  
 12 Business income or (loss). Attach Schedule C or C-EZ **12** \_\_\_\_\_  
 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  **13** \_\_\_\_\_  
 14 Other gains or (losses). Attach Form 4797 **14** \_\_\_\_\_  
 15a IRA distributions **15a** \_\_\_\_\_ **b Taxable amount** **15b** \_\_\_\_\_  
 16a Pensions and annuities **16a** \_\_\_\_\_ **b Taxable amount** **16b** \_\_\_\_\_  
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17** \_\_\_\_\_  
 18 Farm income or (loss). Attach Schedule F **18** \_\_\_\_\_  
 19 Unemployment compensation **19** \_\_\_\_\_  
 20a Social security benefits **20a** \_\_\_\_\_ **b Taxable amount** **20b** \_\_\_\_\_  
 21 Other income. List type and amount **21** \_\_\_\_\_  
 22 Combine the amounts in the far right column for lines 7 through 21. This is your **total income** **22** **77,002.**

**Adjusted Gross Income**  
 23 Educator expenses **23** \_\_\_\_\_  
 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ **24** \_\_\_\_\_  
 25 Health savings account deduction. Attach Form 8889 **25** \_\_\_\_\_  
 26 Moving expenses. Attach Form 3903 **26** \_\_\_\_\_  
 27 Deductible part of self-employment tax. Attach Schedule SE **27** \_\_\_\_\_  
 28 Self-employed SEP, SIMPLE, and qualified plans **28** \_\_\_\_\_  
 29 Self-employed health insurance deduction **29** \_\_\_\_\_  
 30 Penalty on early withdrawal of savings **30** \_\_\_\_\_  
 31a Alimony paid **b Recipient's SSN** ▶ \_\_\_\_\_ **31a** \_\_\_\_\_  
 32 IRA deduction **32** \_\_\_\_\_  
 33 Student loan interest deduction **33** \_\_\_\_\_  
 34 Tuition and fees. Attach Form 8917 **34** \_\_\_\_\_  
 35 Domestic production activities deduction. Attach Form 8903 **35** \_\_\_\_\_  
 36 Add lines 23 through 35 **36** \_\_\_\_\_  
 37 Subtract line 36 from line 22. This is your **adjusted gross income** **37** **77,002.**

Tax and Credits

Standard Deduction for - People who check any box on line 39a or 39b or who can be claimed as a dependent.

All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500

Table with 3 columns: Line number, Description, Amount. Includes lines 38-55 for Tax and Credits.

Other Taxes

Table with 3 columns: Line number, Description, Amount. Includes lines 56-61 for Other Taxes.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with 3 columns: Line number, Description, Amount. Includes lines 62-72 for Payments.

Refund

Direct deposit? See instructions.

Table with 3 columns: Line number, Description, Amount. Includes lines 73-75 for Refund.

Amount You Owe

Table with 3 columns: Line number, Description, Amount. Includes lines 76-77 for Amount You Owe.

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes/No. Designee's name, phone no., personal identification number (PIN).

Sign Here

Joint return? See instructions. Keep a copy for your records.

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, Date, Your occupation (SCIENTIFIC RESEARCH), Spouse's signature, Date, Spouse's occupation (ADMIN ASSISTANT), Daytime phone number, If the IRS sent you an Identity Protection PIN, enter it here.

Paid Preparer Use Only. Print/Type preparer's name, Preparer's signature, Date, Check self-employed if, PTIN, Firm's name, Firm's EIN, Phone no., Firm's address.

**Child Tax Credit Worksheet** (keep for your records)

Name(s): First <b>LUIZ &amp; SOFIA</b>	Last <b>VILLA</b>	Your SSN <b>123-45-6789</b>
---	----------------------	--------------------------------

<b>Part 1</b>	1. Number of qualifying children: <u>1</u> X \$1,000. Enter the result. ....	1 <u>1,000.</u>
	2. Enter the amount from Form 1040, line 38, Form 1040A, line 22, or Form 1040NR, line 37. ....	2 <u>77,002.</u>
	3. <b>1040 filers:</b> Enter the total of any- <ul style="list-style-type: none"> <li>• Exclusion of income from Puerto Rico, and</li> <li>• Amounts from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.</li> </ul> <b>1040A and 1040NR filers:</b> Enter -0-. } ..... 3 <u>0.</u>	
	4. Add lines 2 and 3. Enter the total. ....	4 <u>77,002.</u>
	5. Enter the amount shown below for your filing status. <ul style="list-style-type: none"> <li>• Married filing jointly - \$110,000</li> <li>• Single, head of household, or qualifying widow(er) - \$75,000</li> <li>• Married filing separately - \$55,000</li> </ul> } ..... 5 <u>110,000.</u>	
	6. Is the amount on line 4 more than the amount on line 5? <input checked="" type="checkbox"/> <b>No.</b> Leave line 6 blank. Enter -0- on line 7. <input type="checkbox"/> <b>Yes.</b> Subtract line 5 from line 4. .... 6 _____ If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc).	
	7. Multiply the amount on line 6 by 5% (.05). Enter the result. ....	7 <u>0.</u>
	8. Is the amount on line 1 more than the amount on line 7? <input type="checkbox"/> <b>No.</b> <span style="border: 1px solid black; padding: 2px;">STOP</span> You cannot take the child tax credit on Form 1040, line 51, Form 1040A, line 33, or Form 1040NR, line 48. <input checked="" type="checkbox"/> <b>Yes.</b> Subtract line 7 from line 1. Enter the result. ....	8 <u>1,000.</u>

<b>Part 2</b>	9. Enter the amount from Form 1040, line 46, Form 1040A, line 28, or Form 1040NR, line 44. ....	9 <u>7,299.</u>
	10. <b>1040 filers:</b> Enter the total of the amounts from lines 47 through 50.* <b>1040A filers:</b> Enter the total of the amounts from lines 29 through 32. <b>1040NR filers:</b> Enter the total of the amounts from lines 45 through 47.* } ..... 10 _____	
	11. Are you claiming any of the following credits? <ul style="list-style-type: none"> <li>• Residential energy efficient property credit, Form 5695, Part II.</li> <li>• Mortgage interest credit, Form 8396</li> <li>• District of Columbia first-time homebuyer credit, Form 8859</li> </ul> <input checked="" type="checkbox"/> <b>No.</b> Enter the amount from line 10. .... } ..... 11 _____ <input type="checkbox"/> <b>Yes.</b> Complete the Line 11 Worksheet to figure the amount to enter here.	
	12. Subtract line 11 from line 9. Enter the result. ....	12 <u>7,299.</u>
	13. Is the amount on line 8 of this worksheet more than the amount on line 12? <input checked="" type="checkbox"/> <b>No.</b> Enter the amount from line 8. .... } <b>This is your</b> <input type="checkbox"/> <b>Yes.</b> Enter the amount from line 12. .... } <b>child tax credit.</b> ..... 13 <u>1,000.</u>	

\* Also include amounts from:  
 Form 5695, line 14  
 Form 8834, line 23  
 Form 8910, line 22  
 Form 8936, line 15  
 Schedule R, line 22

**SCHEDULE B**  
**(Form 1040A or 1040)**

Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return

**Interest and Ordinary Dividends**

▶ **Attach to Form 1040A or 1040.**

▶ **See instructions.**

OMB No. 1545-0074

**2011**  
Attachment  
Sequence No. **08**

Your social security number

**LUIZ & SOFIA VILLA**

**123 45 6789**

**Part I**  
**Interest**

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ▶ \_\_\_\_\_  
**SUNTRUST**

**Note.** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**Amount**

**112.**

**1**

**2** Add the amounts on line 1 ..... **2** **112.**

**3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 ..... **3**

**4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ... ▶ **4** **112.**

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Amount**

**Part II**  
**Ordinary Dividends**

**5** List name of payer ▶ \_\_\_\_\_

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**5**

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ... ▶ **6**

**Note.** If line 6 is over \$1,500, you must complete Part III.

**Part III**  
**Foreign Accounts and Trusts**

You must complete this part if you **(a)** had over \$1,500 of taxable interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Yes No**

**7a** At any time during 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions ..... **X**  
If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements .....

**b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ..... ▶ \_\_\_\_\_

**8** During 2011, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions ..... **X**

127501  
11-02-11

FORM 1040

WAGES RECEIVED AND TAXES WITHHELD

STATEMENT 1

T S EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
S GUZMAN IMPORTERS	27,536.	1,553.	1,477.		1,157.	399.
T NATIONAL INSTITUTES OF HEALTH	49,200.	6,888.				
TOTALS	76,736.	8,441.	1,477.		1,157.	399.



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address.

FILING STATUS section with checkboxes for Single, Married, Head of household, etc.

PART-YEAR RESIDENT and EXEMPTIONS section with various input fields and checkboxes.

INCOME section with lines 1 through 16 for reporting income and additions.

SUBTRACTIONS FROM INCOME and DEDUCTION METHOD section with lines 8 through 20.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME LUIZ VILLA

SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 62048, Line 22: 2894, Line 28: 2894.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 1986, Line 33: 1986.

Table with 5 rows for Total Maryland and local tax. Line 34: 4880, Line 38: 4880.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 1477, Line 40: 3600, Line 43: 5077.

Table with 2 rows for Balance due and Overpayment. Line 44: Balance due, Line 45: 197.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 197, Line 48: 197.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) 50c. Account number

Daytime telephone no. Home telephone no. CODE NUMBERS (3 digits per box)

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature Date Spouse's signature Date

Preparer's SSN or PTIN (required by law) Signature of preparer other than taxpayer

Address and telephone number of preparer



Print Using Blue or Black Ink Only	Social Security number <b>123456789</b>		Spouse's Social Security number <b>987654321</b>	
	Your first name <b>LUIZ</b>	Initial	Last name <b>VILLA</b>	
	Spouse's first name <b>SOFIA</b>	Initial	Last name <b>VILLA</b>	

**Total**

1. The total number of boxes checked below for Regular dependents (6) and dependents 65 or over (7). Enter this number on line (C) of Form 502, 505 or 515, Exemptions area ..... 1

If claiming business income and refundable earned income credit, please identify Federal employer identification number, Combined Registration Number, or License Number of the business .....

**Dependents**

<b>MARCO</b>	<b>P</b>	<b>VILLA</b>
(1) First name	M.I.	▶ Last name
▶ <b>246810121</b>	<b>SON</b>	
(2) Social Security number	Relationship	(4) ▶ <input checked="" type="checkbox"/> if under 19
(5) Has medical insurance? Yes ▶ <input checked="" type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input checked="" type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over
(1) First name	M.I.	▶ Last name
▶		
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over
(1) First name	M.I.	▶ Last name
▶		
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over
(1) First name	M.I.	▶ Last name
▶		
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over
(1) First name	M.I.	▶ Last name
▶		
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over

MD 502 TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET STATEMENT 1

	(A) YOU	(B) YOUR SPOUSE
1 ENTER THE PORTION OF FEDERAL ADJUSTED GROSS INCOME FROM LINE 1 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .	49333	27669
2 ENTER THE PORTION OF ADDITIONS TO INCOME FROM LINE 6 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .		
3 ADD LINES 1 AND 2 . . . . .	49333	27669
4 ENTER THE PORTION OF SUBTRACTIONS FROM INCOME FROM LINES 8-13 OF FORM 502 ATTRIBUTABLE TO EACH SPOUSE . . . . .	77	77
5 SUBTRACT LINE 4 FROM LINE 3 . . . . .	49256	27592
6 COMPARE THE AMOUNTS ON LINES 5(A) AND (B) AND ENTER THE SMALLER AMOUNT HERE BUT NOT LESS THAN ZERO . . . . .		27592
7 ENTER \$1,200 OR THE AMOUNT ON LINE 6, WHICHEVER IS LESS. ENTER THIS AMOUNT ON LINE 14 OF FORM 502 . . . . .		1200

MD 502 TWO-INCOME SUBTRACTION - SUBTRACTIONS FROM INCOME STATEMENT 2

DESCRIPTION	(A) YOU	(B) YOUR SPOUSE
TAXABLE REFUNDS OF STATE AND LOCAL INCOME TAX	77	77
TOTAL TO TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET, LINE 4	77	77

## *Case Ten: Visiting Scientist Filing a Dual-Status Tax Return*

Josefiina Viratanen is a Visiting Scientist from Finland present in the US under a type H visa. She arrived in the US on May 10, 2011. Although there is a tax treaty between the US and Finland, there is no provision under which Josefiina can claim a tax benefit. She is married and has one child. Josefiina has the following income and expenses for 2011:

### **Income:**

Wages reported on Form W-2	\$37,750
Interest income from bank savings account reported on Form 1099-INT	\$36
US-source income during period of non-residence	\$0
Foreign-source income during period of residence	\$0

### **Moving Expenses:**

Airfare to the US	\$3,485
Transportation of household goods	\$2,692

### **Exemptions:**

Federal exemptions (3 x \$3,700)	\$11,100
State exemptions (3 x \$3,200)	\$9,600

### **Deductions:**

Federal itemized deductions		\$2,018
• Maryland taxes paid in 2011	\$1,993	
• Charitable contribution to American Red Cross	\$25	
Maryland standard deduction		\$2,000

### **Taxes Paid:**

Federal tax withheld from Form W-2	\$2,901
Maryland tax withheld from Form W-2	\$1,993

Because Josefiina is an “H” visa holder, she does not qualify as an exempt individual. Therefore, she needs to count her days of presence in the US beginning with her residency starting date, which is May 10, 2011, her date of arrival in the US. Josefiina meets the substantial presence test for 2011; however, she is not considered a resident alien until her residency start date. Prior to May 10, 2011, Josefiina is considered a nonresident alien. This situation creates a dual-status tax year for Josefiina and her family.

Josefiina is considered a resident alien because she meets the substantial presence test during 2011 and is a US resident on the last day of the tax year. She should file Form 1040 and write “Dual-Status Return” across the top of the return. She should also attach a statement to her return to show the income for the part of the year she is a nonresident alien. She can use Form 1040NR or Form 1040NR-EZ as the statement, but she should be sure to mark “Dual-Status Statement” across the top.

Different rules apply for the part of the year Josefiina is a resident of the US and the part of the year she is a nonresident alien. For the part of the year she is a resident alien, she is taxed on her worldwide income. For the part of the year she is a nonresident alien, she is taxed only on income from US sources.

Josefiina cannot file a joint return with her spouse. However, for the part of the year that she is a resident alien, Josefiina can claim two additional \$3,700 exemptions for her spouse and child. These exemptions are not available to her for the part of the year that she is a nonresident alien.

Josefiina cannot use the standard deduction. As a dual-status taxpayer, she must itemize any allowable deductions. She will have different allowable deductions for each part of the year. She should report deductions during the period she is a nonresident alien on Schedule A, Form 1040NR. She should report deductions during the period she is a resident alien on Schedule A, Form 1040.

Josefiina should report her moving expenses on Form 3903, "Moving Expenses", and attach it to her Form 1040.

Because Josefiina lived in Maryland for at least 183 days in 2011, she is considered a part-year resident. Therefore, she should file Maryland Form 502.

Form

1040

U.S. Individual Income Tax Return

(99)

2011

OMB No. 1545-0074

IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2011, or other tax year beginning

, 2011, ending

, 20

See separate instructions.

Your first name and initial

Last name

JOSEFIINA

VIRATANEN

Your social security number

123 45 6789

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

987 65 4321

Home address (number and street). If you have a P.O. box, see instructions.

3 HELSINKI TERRACE

Apt. no.

74

Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below.

BETHESDA, MD 20854

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

Foreign country name

Foreign province/county

Foreign postal code

You Spouse

Filing Status

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above

4 Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here.

5 Qualifying widow(er) with dependent child

Check only one box.

HARRI VIRATANEN

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a

6b Spouse

6c Dependents:

(1) First name Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) if child under age 17 qualifying for child tax credit

JONI VIRATANEN

456 12 3987

X

Boxes checked on 6a and 6b

2

No. of children on 6c who:

lived with you did not live with you due to divorce or separation (see instructions)

1

If more than four dependents, see instructions and check here

Dependents on 6c not entered above

Add numbers on lines above

d Total number of exemptions claimed

3

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

7

37,750.

8a Taxable interest. Attach Schedule B if required

8a

36.

b Tax-exempt interest. Do not include on line 8a

8b

9a Ordinary dividends. Attach Schedule B if required

9a

b Qualified dividends

9b

10 Taxable refunds, credits, or offsets of state and local income taxes

10

11 Alimony received

11

12 Business income or (loss). Attach Schedule C or C-EZ

12

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here

13

14 Other gains or (losses). Attach Form 4797

14

15a IRA distributions

15a

b Taxable amount

15b

16a Pensions and annuities

16a

b Taxable amount

16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

17

18 Farm income or (loss). Attach Schedule F

18

19 Unemployment compensation

19

20a Social security benefits

20a

b Taxable amount

20b

21 Other income. List type and amount

21

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income

22

37,786.

Adjusted Gross Income

23 Educator expenses

23

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

24

25 Health savings account deduction. Attach Form 8889

25

26 Moving expenses. Attach Form 3903

26

6,177.

27 Deductible part of self-employment tax. Attach Schedule SE

27

28 Self-employed SEP, SIMPLE, and qualified plans

28

29 Self-employed health insurance deduction

29

30 Penalty on early withdrawal of savings

30

31a Alimony paid b Recipient's SSN

31a

32 IRA deduction

32

33 Student loan interest deduction

33

34 Tuition and fees. Attach Form 8917

34

35 Domestic production activities deduction. Attach Form 8903

35

36 Add lines 23 through 35

36

6,177.

37 Subtract line 36 from line 22. This is your adjusted gross income

37

31,609.

110001 11-07-11

Tax and Credits

Standard Deduction for - People who check any box on line 39a or 39b or who can be claimed as a dependent.

All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500

Table with 3 columns: Line number, Description, and Amount. Includes lines 38-55 for Tax and Credits.

Other Taxes

Table with 3 columns: Line number, Description, and Amount. Includes lines 56-61 for Other Taxes.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with 3 columns: Line number, Description, and Amount. Includes lines 62-72 for Payments.

Refund

Direct deposit? See instructions.

Table with 3 columns: Line number, Description, and Amount. Includes lines 73-75 for Refund.

Amount You Owe

Table with 3 columns: Line number, Description, and Amount. Includes lines 76-77 for Amount You Owe.

Third Party Designee

Form for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Joint return? See instructions. Keep a copy for your records.

Signature area with fields for preparer and spouse signatures, dates, and occupation.

Paid Preparer Use Only

Form for Paid Preparer Use Only with fields for name, signature, date, and EIN.

DUAL-STATUS STATEMENT

U.S. Nonresident Alien Income Tax Return

For the year January 1-December 31, 2011, or other tax year beginning , 2011, and ending

2011

Personal information section including name (JOSEFINA VIRATANEN), address (3 HELSINKI TERRACE APT. NO. 74), and identifying number (123-45-6789).

Filing Status section with checkboxes for marital status and spouse information.

Exemptions section including dependent information table and total exemptions claimed.

Income section with lines 8 through 23 detailing various income types and totals.

Adjusted Gross Income section with lines 24 through 36 detailing deductions and final AGI.

Tax and Credits

37	Amount from line 36 (adjusted gross income)	37	
38	Itemized deductions from page 3, Schedule A, line 15	38	
39	Subtract line 38 from line 37	39	
40	Exemptions (see instructions)	40	
41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-	41	NONE
42	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	42	
43	Alternative minimum tax (see instructions). Attach Form 6251	43	
44	Add lines 42 and 43	44	
45	Foreign tax credit. Attach Form 1116 if required	45	
46	Credit for child and dependent care expenses. Attach Form 2441	46	
47	Retirement savings contributions credit. Attach Form 8880	47	
48	Child tax credit (see instructions)	48	
49	Residential energy credits. Attach Form 5695	49	
50	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	50	
51	Add lines 45 through 50. These are your total credits	51	
52	Subtract line 51 from line 44. If line 51 is more than line 44, enter -0-	52	

Other Taxes

53	Tax on income not effectively connected with a U.S. trade or business from page 4, Schedule NEC, line 15	53	
54	Self-employment tax. Attach Schedule SE (Form 1040)	54	
55	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	55	
56	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	56	
57	Transportation tax (see instructions)	57	
58a	Household employment taxes from Schedule H (Form 1040)	58a	
58b	b First-time homebuyer credit repayment. Attach Form 5405 if required	58b	
59	Other taxes. Enter code(s) from instructions	59	
60	Add lines 52 through 59. This is your total tax	60	NONE

Payments

61	Federal income tax withheld from:		
61a	a Form(s) W-2, 1099	61a	
61b	b Form(s) 8805	61b	
61c	c Form(s) 8288-A	61c	
61d	d Form(s) 1042-S	61d	
62	2011 estimated tax payments and amount applied from 2010 return	62	
63	Additional child tax credit. Attach Form 8812	63	
64	Amount paid with request for extension to file (see instructions)	64	
65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	
66	Credit for federal tax paid on fuels. Attach Form 4136	66	
67	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	67	
68	Credit for amount paid with Form 1040-C	68	
69	Add lines 61a through 68. These are your total payments	69	

Refund

Direct deposit? See instructions.

70	If line 69 is more than line 60, subtract line 60 from line 69. This is the amount you overpaid	70	
71a	Amount of line 70 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	71a	
b	Routing number <input type="text"/>	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number <input type="text"/>		
e	If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here.		
72	Amount of line 70 you want applied to your 2012 estimated tax	72	

Amount You Owe

73	Amount you owe. Subtract line 69 from line 60. For details on how to pay, see instructions	73	
74	Estimated tax penalty (see instructions)	74	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes. Complete below.  No

Designee's name  Phone no.  Personal identification number (PIN)

Sign Here

Keep a copy of this return for your records.

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  Date  Your occupation in the United States

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name	Firm's EIN		Phone no.	
Firm's address				

Schedule OI - Other Information (see instructions)

Answer all questions

A Of what country or countries were you a citizen or national during the tax year? FINLAND

B In what country did you claim residence for tax purposes during the tax year? FINLAND

C Have you ever applied to be a green card holder (lawful permanent resident) of the United States? Yes No [X]

D Were you ever: 1. A U.S. citizen? Yes No [X] 2. A green card holder (lawful permanent resident) of the United States? Yes No [X]

E If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. TYPE H

F Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? Yes No [X]

G List all dates you entered and left the United States during 2011 (see instructions). Note. If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for Canada or Mexico and skip to item H

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy. Row 1: 05/10/11

Table with 2 columns: Date entered United States mm/dd/yy, Date departed United States mm/dd/yy. All cells empty.

H Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2009, 2010, and 2011 235

I Did you file a U.S. income tax return for any prior year? Yes No [X]

J Are you filing a return for a trust? Yes No [X]

K Did you receive total compensation of \$250,000 or more during the tax year? Yes No [X]

L Income Exempt from Tax - If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) and (2) below. See Pub. 901 for more information on tax treaties.

Table with 4 columns: (a) Country, (b) Tax treaty article, (c) Number of months claimed in prior tax years, (d) Amount of exempt income in current tax year. Includes a Total row.

2. Were you subject to tax in a foreign country on any of the income shown in 1(d) above? Yes No [X]

**Child Tax Credit Worksheet** (keep for your records)

Name(s): First <b>JOSEFIINA</b>	Last <b>VIRATANEN</b>	Your SSN <b>123-45-6789</b>
------------------------------------	--------------------------	--------------------------------

<b>Part 1</b>	1. Number of qualifying children: <u>1</u> X \$1,000. Enter the result. ....	1 <u>1,000.</u>
	2. Enter the amount from Form 1040, line 38, Form 1040A, line 22, or Form 1040NR, line 37. ....	2 <u>31,609.</u>
	3. <b>1040 filers:</b> Enter the total of any- <ul style="list-style-type: none"> <li>• Exclusion of income from Puerto Rico, and</li> <li>• Amounts from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.</li> </ul> <b>1040A and 1040NR filers:</b> Enter -0-. } ..... 3 <u>0.</u>	
	4. Add lines 2 and 3. Enter the total. ....	4 <u>31,609.</u>
	5. Enter the amount shown below for your filing status. <ul style="list-style-type: none"> <li>• Married filing jointly - \$110,000</li> <li>• Single, head of household, or qualifying widow(er) - \$75,000</li> <li>• Married filing separately - \$55,000</li> </ul> } ..... 5 <u>55,000.</u>	
	6. Is the amount on line 4 more than the amount on line 5? <input checked="" type="checkbox"/> <b>No.</b> Leave line 6 blank. Enter -0- on line 7. <input type="checkbox"/> <b>Yes.</b> Subtract line 5 from line 4. .... 6 _____ If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc).	
	7. Multiply the amount on line 6 by 5% (.05). Enter the result. ....	7 <u>0.</u>
	8. Is the amount on line 1 more than the amount on line 7? <input type="checkbox"/> <b>No.</b> <span style="border: 1px solid black; padding: 2px;">STOP</span> You cannot take the child tax credit on Form 1040, line 51, Form 1040A, line 33, or Form 1040NR, line 48. <input checked="" type="checkbox"/> <b>Yes.</b> Subtract line 7 from line 1. Enter the result. ....	8 <u>1,000.</u>

<b>Part 2</b>	9. Enter the amount from Form 1040, line 46, Form 1040A, line 28, or Form 1040NR, line 44. ....	9 <u>2,346.</u>
	10. <b>1040 filers:</b> Enter the total of the amounts from lines 47 through 50.* <b>1040A filers:</b> Enter the total of the amounts from lines 29 through 32. <b>1040NR filers:</b> Enter the total of the amounts from lines 45 through 47.* } ..... 10 _____	
	11. Are you claiming any of the following credits? <ul style="list-style-type: none"> <li>• Residential energy efficient property credit, Form 5695, Part II.</li> <li>• Mortgage interest credit, Form 8396</li> <li>• District of Columbia first-time homebuyer credit, Form 8859</li> </ul> <input checked="" type="checkbox"/> <b>No.</b> Enter the amount from line 10. <input type="checkbox"/> <b>Yes.</b> Complete the Line 11 Worksheet to figure the amount to enter here. .... } ..... 11 _____	
	12. Subtract line 11 from line 9. Enter the result. ....	12 <u>2,346.</u>
	13. Is the amount on line 8 of this worksheet more than the amount on line 12? <input checked="" type="checkbox"/> <b>No.</b> Enter the amount from line 8. <input type="checkbox"/> <b>Yes.</b> Enter the amount from line 12. .... } <b>This is your child tax credit.</b> ..... 13 <u>1,000.</u>	

\* Also include amounts from:  
 Form 5695, line 14  
 Form 8834, line 23  
 Form 8910, line 22  
 Form 8936, line 15  
 Schedule R, line 22



# Moving Expenses

▶ Attach to Form 1040 or Form 1040NR.

**2011**

Attachment  
 Sequence No. **170**

Name(s) shown on return  <b>JOSEFIINA VIRATANEN</b>	Your social security number  <b>123 45 6789</b>
---	---

**Before you begin:** ✓ See the **Distance Test** and **Time Test** in the instructions to find out if you can deduct your moving expenses.  
 ✓ See **Members of the Armed Forces** in the instructions, if applicable.

1 Transportation and storage of household goods and personal effects (see instructions) .....	<b>1</b>	<b>2,692.</b>
2 Travel (including lodging) from your old home to your new home (see instructions). <b>Do not</b> include the cost of meals	<b>2</b>	<b>3,485.</b>
3 Add lines 1 and 2 .....	<b>3</b>	<b>6,177.</b>
4 Enter the total amount your employer paid you for the expenses listed on lines 1 and 2 that is <b>not</b> included in box 1 of your Form W-2 (wages). This amount should be shown in box 12 of your Form W-2 with code <b>P</b> .....	<b>4</b>	
5 Is line 3 <b>more than</b> line 4?  <input type="checkbox"/> <b>No.</b> You <b>cannot</b> deduct your moving expenses. If line 3 is less than line 4, subtract line 3 from line 4 and include the result on Form 1040, line 7, or Form 1040NR, line 8.  <input checked="" type="checkbox"/> <b>Yes.</b> Subtract line 4 from line 3. Enter the result here and on Form 1040, line 26, or Form 1040NR, line 26. This is your <b>moving expense deduction</b> .....	<b>5</b>	<b>6,177.</b>

LHA For Paperwork Reduction Act Notice, see separate instructions.

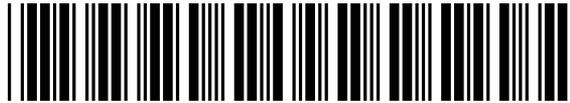
Form **3903** (2011)

FORM 1040

WAGES RECEIVED AND TAXES WITHHELD

STATEMENT 1

T S EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
T NATIONAL INSTITUTES OF HEALTH	37,750.	2,901.	1,993.		1,586.	547.
TOTALS	37,750.	2,901.	1,993.		1,586.	547.



OR FISCAL YEAR BEGINNING 2011, ENDING

Personal information section including Social Security numbers, names, and address.

FILING STATUS section with checkboxes for Single, Married, Head of household, etc.

Exemptions and Part-Year Resident sections.

INCOME section with lines 1 through 16 for reporting income and additions.

SUBTRACTIONS FROM INCOME and DEDUCTION METHOD sections.

Vertical text on the left side: Place CHECK or MONEY ORDER on top of your W-2 wage and tax statements and ATTACH HERE with ONE staple.



NAME JOSEFIINA VIRATAN SSN 123456789

MARYLAND TAX COMPUTATION

Table with 28 rows for Maryland Tax Computation. Line 21: 23209, Line 22: 1051, Line 28: 1051.

LOCAL TAX COMPUTATION

Table with 6 rows for Local Tax Computation. Line 29: 743, Line 33: 743.

Table with 5 rows for Total Maryland and local tax. Line 34: 1794, Line 38: 1794.

Table with 5 rows for Total Maryland and local tax withheld. Line 39: 1993, Line 43: 1993.

Table with 2 rows for Balance due and Overpayment. Line 44: blank, Line 45: 199.

Table with 4 rows for Amount of overpayment and Total Amount Due. Line 46: 199, Line 48: blank, Line 49: 199.

DIRECT DEPOSIT OF REFUND (See Instructions) Please be sure the account information is correct. For Splitting Direct Deposit, see Form 588.

In order to comply with banking rules, please, check [ ] here if this refund will go to an account outside the United States. If checked, see Instructions.

For the direct deposit option, complete the following information clearly and legibly. 50a. Type of account: [ ] Checking [ ] Savings

50b. Routing Number (9-digit) [ ] 50c. Account number [ ]

Daytime telephone no. [ ] Home telephone no. [ ] CODE NUMBERS (3 digits per box) [ ]

Check here [X] if you authorize your preparer to discuss this return with us. Check [ ] here if you authorize your paid preparer not to file electronically. Check [ ] here if you agree to receive your 1099G Income Tax Refund statement electronically.

I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable and mail to: Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001 (It is recommended that you include your Social Security number on check.)

Your signature [ ] Date [ ] Spouse's signature [ ] Date [ ]

Preparer's SSN or PTIN (required by law) [ ] Signature of preparer other than taxpayer [ ]

156011 11-10-11 COM/RAD-009 11-05 Address and telephone number of preparer [ ]



Print Using Blue or Black Ink Only	Social Security number <b>123456789</b>		Spouse's Social Security number	
	Your first name <b>JOSEFIINA</b>	Initial	Last name <b>VIRATANEN</b>	
	Spouse's first name	Initial	Last name	

**Total**

1. The total number of boxes checked below for Regular dependents (6) and dependents 65 or over (7). Enter this number on line (C) of Form 502, 505 or 515, Exemptions area ..... 1

If claiming business income and refundable earned income credit, please identify Federal employer identification number, Combined Registration Number, or License Number of the business .....

**Dependents**

<b>JONI</b>		<b>VIRATANEN</b>	
(1) First name	M.I.	▶ Last name	
▶ <b>456123987</b>			
(2) Social Security number	Relationship	(4) ▶ <input checked="" type="checkbox"/> if under 19	
(5) Has medical insurance? Yes ▶ <input checked="" type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input checked="" type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over	
(1) First name	M.I.	▶ Last name	
▶			
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19	
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over	
(1) First name	M.I.	▶ Last name	
▶			
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19	
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over	
(1) First name	M.I.	▶ Last name	
▶			
(2) Social Security number	Relationship	(4) ▶ <input type="checkbox"/> if under 19	
(5) Has medical insurance? Yes ▶ <input type="checkbox"/> No ▶ <input type="checkbox"/>	(For Form 502, resident taxpayers only)	(6) <input type="checkbox"/> Regular (7) <input type="checkbox"/> 65 or Over	

## ***USING MARYLAND FORM 502D, “PERSONAL DECLARATION OF ESTIMATED TAX”***

Renee is a Visiting Fellow from France with a two-year appointment beginning in January 2012. She will be paid an NIH fellowship grant of \$48,630 per year. Renee is single and living in Bethesda, Maryland. She can claim one personal exemption and will use the standard deduction.

Renee calculates her taxable net income using the Estimated Tax Worksheet on Form 502D, as follows:

Total income expected in 2012	\$ 48,630
Net modifications	<u>0</u>
Maryland adjusted gross income	48,630
Standard deduction	<u>(2,000)</u>
Maryland net income	46,630
Personal exemption	<u>(3,200)</u>
Taxable net income	<u>\$ 43,430</u>

Renee calculates her Maryland tax using the tax rate schedule for Single taxpayers from Form 502D, as follows:

Taxable net income	\$ 43,430
Subtract \$3,000	<u>(3,000)</u>
Excess income over \$3,000	40,430
Maryland tax rate	<u>x 4.75%</u>
	1,920
Add \$90	<u>90</u>
Maryland income tax	<u>\$ 2,010</u>

Renee calculates her Montgomery County local income tax using the tax rate schedule provided from Form 502D, as follows:

Taxable net income	\$ 43,430
Montgomery County tax rate	<u>x 3.20%</u>
Local income tax	<u>\$ 1,390</u>

Renee’s total estimated 2012 Maryland and local income tax is \$3,400 (2,010 + 1,390). Her estimated payment per quarter will be one-fourth of \$3,400, or \$850. She should use Form 502D to submit her first quarterly payment and check the box on Form 502D to request vouchers from Maryland for the remaining payments.

An electronic version of the Estimated Tax Worksheet is available at [www.marylandtaxes.com](http://www.marylandtaxes.com) under Individual Online Services, Tax Calculators.

A filled-in example of Form 502D is provided on the following page.

FIRST PERIOD

FORM 502D

MARYLAND PERSONAL DECLARATION OF ESTIMATED INCOME TAX



2011

OR FISCAL YEAR BEGINNING

2011, ENDING

YOU MAY FILE AND PAY YOUR ESTIMATED TAXES ELECTRONICALLY. VISIT US AT WWW.MARYLANDTAXES.COM AND LOOK FOR ONLINE SERVICES.

IN ADDITION TO MAKING A SINGLE ESTIMATED PAYMENT, YOU MAY ALSO CHOOSE TO SET UP FUTURE ESTIMATED PAYMENTS AT THE SAME TIME.

CHECK HERE IF THIS IS A CHANGE OF ADDRESS [ ] CHECK HERE IF THIS IS A JOINT DECLARATION [ ]



Form fields for Social Security number, Name, Address, City, State, ZIP Code.

For Office Use Only table with columns ME, YE, EC, EC.

IF YOU RECEIVE THE DECLARATION OF ESTIMATED PERSONAL INCOME TAX PACKET WHICH INCLUDES THE FOUR PREPRINTED VOUCHERS FOR SUBMITTING ESTIMATED PAYMENTS, PLEASE USE THE PREPRINTED VOUCHERS INSTEAD OF THIS FORM OR FILE ELECTRONICALLY.

IF YOU DID NOT RECEIVE THE PACKET AND DO NOT ELECT TO FILE ELECTRONICALLY, USE THIS FORM TO REMIT ANY PAYMENT DUE AT THIS TIME. IF VOUCHERS ARE NEEDED FOR REMAINING INSTALLMENTS OF THE CURRENT TAX YEAR, CHECK HERE [X]

IMPORTANT: Please review the instructions before completing this form. If you are using this form for subsequent estimated payments and you have previously calculated the amounts you need to pay for each quarter, you do not need to complete this worksheet.

ESTIMATED TAX WORKSHEET

Table with 15 rows for tax calculations and a final row for payment instructions.

ESTIMATED TAX PAID FOR 2011 WITH THIS DECLARATION (If filing and paying electronically or by credit card do not submit this form) DUE: APRIL 18, 2011 \$ 590

Make checks payable to and mail to: COMPTROLLER OF MARYLAND REVENUE ADMINISTRATION DIVISION. Annapolis, Maryland 21411-0001

(It is recommended that you include your Social Security number on check using blue or black ink)

# ***APPENDIX***

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## TAX TREATY DOCUMENTS

**Table I**

<u>Country</u>	<u>Link</u>	<u>Country</u>	<u>Link</u>
Australia	<a href="#">Australia - Tax Treaty Documents</a>	Austria	<a href="#">Austria - Tax Treaty Documents</a>
Bangladesh	<a href="#">Bangladesh-Tax Treaty Documents</a>	Barbados	<a href="#">Barbados- Tax Treaty Documents</a>
Belgium	<a href="#">Belgium- Tax Treaty Documents</a>	Bulgaria	<a href="#">Bulgaria- Tax Treaty Documents</a>
Canada	<a href="#">Canada- Tax Treaty Documents</a>	China	<a href="#">China- Tax Treaty Documents</a>
Commonwealth of Independent States	<a href="#">USSR - Tax Treaty Documents</a>	Cyprus	<a href="#">Cyprus- Tax Treaty Documents</a>
Czech Republic	<a href="#">Czech Republic- Tax Treaty Documents</a>	Denmark	<a href="#">Denmark- Tax Treaty Documents</a>
Egypt	<a href="#">Egypt- Tax Treaty Documents</a>	Estonia	<a href="#">Estonia- Tax Treaty Documents</a>
Finland	<a href="#">Finland- Tax Treaty Documents</a>	France	<a href="#">France- Tax Treaty Documents</a>
Germany	<a href="#">Germany- Tax Treaty Documents</a>	Greece	<a href="#">Greece- Tax Treaty Documents</a>
Hungary	<a href="#">Hungary- Tax Treaty Documents</a>	Iceland	<a href="#">Iceland- Tax Treaty Documents</a>
India	<a href="#">India- Tax Treaty Documents</a>	Indonesia	<a href="#">Indonesia- Tax Treaty Documents</a>
Ireland	<a href="#">Ireland- Tax Treaty Documents</a>	Israel	<a href="#">Israel- Tax Treaty Documents</a>
Italy	<a href="#">Italy- Tax Treaty Documents</a>	Jamaica	<a href="#">Jamaica- Tax Treaty Documents</a>
Japan	<a href="#">Japan- Tax Treaty Documents</a>	Kazakhstan	<a href="#">Kazakhstan- Tax Treaty Documents</a>
Korea	<a href="#">Korea - Tax Treaty Documents</a>	Latvia	<a href="#">Latvia - Tax Treaty Documents</a>
Lithuania	<a href="#">Lithuania - Tax Treaty Documents</a>	Luxembourg	<a href="#">Luxembourg - Tax Treaty Documents</a>
Malta	<a href="#">Malta - Tax Treaty Documents</a>	Mexico	<a href="#">Mexico - Tax Treaty Documents</a>
Morocco	<a href="#">Morocco - Tax Treaty Documents</a>	Netherlands	<a href="#">Netherlands - Tax Treaty Documents</a>
New Zealand	<a href="#">New Zealand - Tax Treaty Documents</a>	Norway	<a href="#">Norway - Tax Treaty Documents</a>
Pakistan	<a href="#">Pakistan- Tax Treaty Documents</a>	Philippines	<a href="#">Philippines - Tax Treaty Documents</a>
Poland	<a href="#">Poland- Tax Treaty Documents</a>	Portugal	<a href="#">Portugal- Tax Treaty Documents</a>
Romania	<a href="#">Romania- Tax Treaty Documents</a>	Russia	<a href="#">Russia- Tax Treaty Documents</a>
Slovak Republic	<a href="#">Slovak Republic- Tax Treaty Documents</a>	Slovenia	<a href="#">Slovenia- Tax Treaty Documents</a>
South Africa	<a href="#">South Africa- Tax Treaty Documents</a>	Spain	<a href="#">Spain- Tax Treaty Documents</a>
Sri Lanka	<a href="#">Sri Lanka - Tax Treaty Documents</a>	Sweden	<a href="#">Sweden - Tax Treaty Documents</a>
Switzerland	<a href="#">Switzerland - Tax Treaty Documents</a>	Thailand	<a href="#">Thailand - Tax Treaty Documents</a>
Trinidad	<a href="#">Trinidad-Tax Treaty Documents</a>	Tunisia	<a href="#">Tunisia- Tax Treaty Documents</a>
Turkey	<a href="#">Turkey - Tax Treaty Documents</a>	Ukraine	<a href="#">Ukraine- Tax Treaty Documents</a>
United Kingdom	<a href="#">UK- Tax Treaty Documents</a>	Venezuela	<a href="#">Venezuela - Tax Treaty Documents</a>

## ***TREATY ARTICLES FOR VISITING FELLOWS AND OTHER GRANT RECIPIENTS***

***Table II***

<u><i>Treaty Country</i></u>	<u><i>Article</i></u>	<u><i>Maximum Presence in US</i></u>	<u><i>Maximum Amount of Compensation</i></u>
Bangladesh	21	No Limit	No Limit
China	20 (b)	Reasonable Necessary Period	No Limit
Commonwealth of Independent States *	VI (1)	5 Tax Years	Living Expenses Up to \$10,000
Cyprus	21 (1)	5 Tax Years	No Limit
Czech Republic	21 (1)	5 Full Years	No Limit
Egypt	23 (1)	5 Tax Years	No Limit
Estonia	20 (1)	5 Full Years	No Limit
France	21 (1)	5 Tax Years	No Limit
Germany	20 (3)	No Limit	No Limit
Iceland	19 (1)	5 Tax Years	No Limit
Indonesia	19 (1)	5 Full Years	No Limit
Israel	24 (1)	5 Tax Years	No Limit
Kazakhstan	19	5 Full Years	No Limit
Korea	21 (1)	5 Tax Years	No Limit
Latvia	20 (1)	5 Full Years	No Limit
Lithuania	20 (1)	5 Full Years	No Limit
Morocco	18	5 Tax Years	No Limit
Netherlands	22 (2)	3 Tax Years	No Limit
Norway	16 (1)	5 Tax Years	No Limit
Philippines	22 (1)	5 Tax Years	No Limit
Poland	18 (1)	5 Tax Years	No Limit
Portugal	23 (1)	5 Full Years	No Limit
Romania	20 (1)	5 Tax Years	No Limit
Russia	18	5 Full Years	No Limit
Slovak Republic	21 (1)	5 Full Years	No Limit
Slovenia	20	5 Tax Years	No Limit
Spain	22 (1)	5 Full Years	No Limit
Thailand	22 (1)	5 Tax Years	No Limit
Trinidad and Tobago	19 (1)	5 Tax Years	No Limit
Tunisia	20	5 Tax Year	No Limit
Ukraine	20	5 Full Years	No Limit
Venezuela	21 (1)	5 Tax Years	No Limit

\* **Commonwealth of Independent States** – The US-USSR income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

Do not rely on this list as an interpretation of your individual eligibility to claim an exclusion from tax. In some situations it may be necessary to consult the treaty itself to determine if all qualifications are met.

## ***TREATY ARTICLES FOR NIH RESEARCHERS RECEIVING WAGES***

***Table III***

<u>Treaty Country</u>	<u>Article</u>	<u>Maximum Presence in US</u>	<u>Maximum Amount of Compensation</u>
<b>Belgium</b>	19	2 Years	No Limit
<b>Bulgaria</b>	19	2 Years	No Limit
Effective date January 1, 2009			
<b>China</b>	19	3 Years	No Limit
The benefits for “Student/Trainees” (Art 20) and “Teacher/Researcher” cannot be used consecutively. Article 19 can be used only once for an aggregate time period of 3 years.			
<b>Commonwealth of Independent States *</b>	VI (1)	2 Years	No Limit
The cumulative benefits of the provisions for “Students/Trainees” and “Teacher/Researcher” cannot extend for a period of more than 5 years.			
<b>Czech Republic</b>	21 (5)	2 Years	No Limit
The benefit of this article can be used only once and cannot be used consecutively with the “Student/Trainee” benefits.			
<b>France</b>	20	2 Years	No Limit
The benefit of this article can be used only once. The wording of the treaty <i>implies</i> that it can be used consecutively with the “Student/Trainee” article (Art 21), but both articles cannot be used for more than a total period of 5 years.			
<b>Germany</b>	20 (1)	2 Years	No Limit
The benefits for “Students/Trainees” and “Teacher/Researcher” cannot be used consecutively.			
<b>Italy</b>	20	2 Years	No Limit
<b>Portugal</b>	22	2 Years	No Limit
The benefit of this article can be used only once and cannot be used consecutively with the “Student/Trainee” benefits.			
<b>Slovak Republic</b>	21 (5)	2 Years	No Limit
The benefit of this article can be used only once and cannot be used consecutively with the “Student/Trainee” benefits.			
<b>Slovenia</b>	20 (3)	2 Years	No Limit
<b>Venezuela</b>	21 (3)	2 Years	No Limit

\* **Commonwealth of Independent States** – The US-USSR income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

Do not rely on this list as an interpretation of your individual eligibility to claim an exclusion from tax. In some situations it may be necessary to consult the treaty itself to determine if all qualifications are met.

## **TREATY PROVISIONS FOR NIH CONTRACTORS PERFORMING INDEPENDENT PERSONAL SERVICES**

**Table IV**

The following table lists those treaty countries with provisions that exempt from US tax the income of individuals paid under a contract agreement with the NIH. These individuals are considered to be performing independent personal services. The maximum period of presence in the US may refer to a period within a calendar year or any consecutive 12-month period, depending on the specific treaty. Other restrictions may also apply.

<u>Treaty Country</u>	<u>Maximum Presence in US</u>	<u>Annual Limit on Exemption Amount</u>	<u>Exemption Article</u>
Australia	183 Days	No Limit	14
Austria	No Limit	No Limit	14
Bangladesh	183 Days	No Limit	15
Belgium	No Limit	No Limit	7
Bulgaria	No Limit	No Limit	7
Canada	No Limit	No Limit	VII
China	183 Days	No Limit	13
CIS *	183 Days	No Limit	VI (2)
Cyprus	183 Days	No Limit	17
Czech Republic	183 Days	No Limit	14
Denmark	No Limit	No Limit	14
Egypt	89 Days	No Limit	15
Estonia	183 Days	No Limit	14
Finland	No Limit	No Limit	14
France	No Limit	No Limit	14
Germany	No Limit	No Limit	7
Greece	183 Days	\$10,000	X
Hungary	183 Days	No Limit	13
Iceland	No Limit	No Limit	18
India	89 Days	No Limit	15
Indonesia	120 Days	No Limit	15
Ireland	No Limit	No Limit	14
Israel	183 Days	No Limit	16
Italy	183 Days	No Limit	14
Jamaica	89 Days	\$5,000	14
Japan	No Limit	No Limit	7
Kazakhstan	183 Days	No Limit	14
Korea, Rep. Of	182 Days	\$3,000	18
Latvia	183 Days	No Limit	14
Lithuania	183 Days	No Limit	14
Luxembourg	No Limit	No Limit	15
Mexico	183 Days	No Limit	14
Morocco	183 Days	\$5,000	14
Netherlands	No Limit	No Limit	15
New Zealand	183 Days	No Limit	14
Norway	183 Days	No Limit	13

<u>Treaty Country</u>	<u>Maximum Presence in US</u>	<u>Annual Limit on Exemption Amount</u>	<u>Exemption Article</u>
Philippines	89 Days	\$10,000	15
Poland	183 Days	No Limit	15
Portugal	183 Days	No Limit	15
Romania	183 Days	No Limit	14
Russia	183 Days	No Limit	13
Slovak Republic	183 Days	No Limit	14
Slovenia	No Limit	No Limit	14
South Africa	183 Days	No Limit	14
Spain	No Limit	No Limit	15
Sri Lanka	183 Days	No Limit	15
Sweden	No Limit	No Limit	14
Switzerland	No Limit	No Limit	14
Thailand	89 Days	\$10,000	15
Trinidad/Tobago	183 Days	\$3,000	17
Tunisia	183 Days	\$7,500	14
Turkey	183 Days	No Limit	14
Ukraine	No Limit	No Limit	14
Venezuela	No Limit	No Limit	14

\* **Commonwealth of Independent States** – The US-USSR income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

Do not rely on this list as an interpretation of your individual eligibility to claim an exclusion from tax. In some situations it may be necessary to consult the treaty itself to determine if all qualifications are met.

## ***TREATY ARTICLES THAT PROVIDE AN EXCEPTION TO THE SAVING CLAUSE***

***Table V***

Most tax treaties contain a provision known as a “saving clause” whereby a country “saves” the right to tax its own residents as if no tax treaty were in effect. For example, once one becomes a resident alien of the US under the substantial presence test, he generally loses any tax treaty benefits that relate to his income. Most of the treaties that extend benefits to students, trainees, teachers, and researchers include an exception to the saving clause that may allow them to continue to claim certain treaty benefits after becoming resident aliens. However, the tax treaty definitions of residency override the substantial presence test, so it is important to know how a treaty defines who is a resident for purposes of applying the exception to the saving clause.

The following table lists those treaty countries that include an exception to the saving clause and also reference the articles defining who is a resident for treaty purposes.

<b><i>Treaty Country</i></b>	<b><i>Article Defining Fiscal Resident</i></b>	<b><i>Article Providing Exception to Saving Clause</i></b>
Bangladesh	4	Art. 1 (3)(b) "Personal Scope"
Belgium	4	Art. 1 (5)(b) "General Scope"
Bulgaria	4	Art. 1 (5)(b) "General Scope"
China	4	Protocol - Para. 2 of "Savings Clause"
CIS *	No tie-breaker rule	Art. VII - "Taxation on Citizens"
Cyprus	3	Art. 4 (4)(b) - "General Rules of Taxation"
Czech Republic	4	Art. 1 (4)(b) - "General Scope"
Egypt	3	Art. 6 (4)(b) - "General Rules of Taxation"
Estonia	4	Art. 1 (5)(b) "General Scope"
France	4	Art. 29 "Miscellaneous Provisions", Para 3(b)
Germany	4	Protocol - Para 1 (b)(bb)
Iceland	4	Art. 1 (5)(b) "General Scope"
Indonesia	4	Art. 28 (4)(b) - "General Rules of Taxation"
Israel	3	Art. 6 (4)(b) - "General Rules of Taxation"
Italy	4	Art. 1 (3)(b) - "Personal Scope"
Kazakhstan	4	Art. 1 (4)(b) - "General Scope"
Korea	3	Art. 4 (5)(b) - "General Rules"
Latvia	4	Art. 1 (5)(b) "General Scope"
Lithuania	4	Art. 1 (5)(b) "General Scope"
Morocco	3	Art. 20 (4)(b) - "General Rules of Taxation"
Netherlands	4	Art. 24 (2)(b) - "Basis of Taxation"
Norway	3	Art. 22 (3)(b) - "General Rules of Taxation"
Philippines	3	Art. 6 (4)(b) - "General Rules of Taxation"
Poland	4	Art. 5 (4)(b) - "General Rules of Taxation"
Portugal	4	Protocol - Para 1 (c)(ii)

<u>Treaty Country</u>	<u>Article Defining Fiscal Resident</u>	<u>Article Providing Exception to Savings Clause</u>
Romania	3	Art. 4 (4)(b) - "General Rules of Taxation"
Russia	4	Art. 1 (4)(b) - "General Scope"
Slovak Republic	4	Art. 1 (4)(b) - "General Scope"
Slovenia	4	Art. 1 (5)(b) "General Scope"
Spain	4	Art. 1 (4)(b) - "General Scope"
Thailand	4	Art. 1 (3)(b) "Personal Scope"
Trinidad and Tobago	2	Art. 3 (4)(b) - "General Rules of Taxation"
Tunisia	4	Art. 22 (3)(b) - "General Rules"
Ukraine	4	Art. 1 (4)(b) - "General Scope"
Venezuela	4	Art. 1 (5)(b) "General Scope"

\* **Commonwealth of Independent States** – The US-USSR income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

Do not rely on this list as an interpretation of your individual eligibility to claim an exclusion from tax. In some situations it may be necessary to consult the treaty itself to determine if all qualifications are met.

## ***FEDERAL TAX RATE SCHEDULES FOR 2011***

Federal tax is assessed on your taxable income. Your taxable income is your gross income reduced by certain allowable deductions and exemptions. Federal tax rates are graduated, so that your tax rate increases as your income increases. For 2011, the tax rates range from the lowest rate of 10% to the highest rate of 35%.

Tax tables and tax rate schedules are published each year by the IRS. The tax table or tax rate schedule that you use depends on your filing status. Your filing status is determined by your legal marital status as of the last day of the calendar year. Resident aliens use the same tax tables and tax rate schedules as those used by US citizens. Nonresident aliens are limited to using the tax table or tax rate schedule for either “Single”, “Married Filing Separately”, or “Qualifying Widow(er)”. The tax table or tax rate schedule for “Married Filing Jointly” is not available to nonresident aliens.

### ***Single***

**If your taxable income is:**

\$0 to \$8,500  
 \$8,500 to \$34,500  
 \$34,500 to \$83,600  
 \$83,600 to \$174,400  
 \$174,400 to \$379,150  
 \$379,150 .....

**The tax is:**

10%  
 \$850.00 + 15% of amount over \$8,500  
 \$4,750.00 + 25% of amount over \$34,500  
 \$17,025.00 + 28% of amount over \$83,600  
 \$42,449.00 + 33% of amount over \$174,400  
 \$110,016.50 + 35% of amount over \$379,150

### ***Married Filing Jointly***

**If your taxable income is:**

\$0 to \$17,000  
 \$17,000 to \$69,000  
 \$69,000 to \$139,350  
 \$139,350 to \$212,300  
 \$212,300 to \$379,150  
 \$379,150 .....

**The tax is:**

10%  
 \$1,700.00 + 15% of amount over \$17,000  
 \$9,500.00 + 25% of amount over \$69,000  
 \$27,087.50 + 28% of amount over \$139,350  
 \$47,513.50 + 33% of amount over \$212,300  
 \$102,574.00 + 35% of amount over \$379,150

### ***Married Filing Separately (MFS)***

**If your taxable income is:**

\$0 to \$8,500  
 \$8,500 to \$34,500  
 \$34,500 to \$69,675  
 \$69,675 to \$106,150  
 \$106,150 to \$189,575  
 \$189,575 .....

**The tax is:**

10%  
 \$850.00 + 15% of amount over \$8,500  
 \$4,750.00 + 25% of amount over \$34,500  
 \$13,543.75 + 28% of amount over \$69,675  
 \$23,756.75 + 33% of amount over \$106,150  
 \$51,287.00 + 35% of amount over \$189,575

### ***Head of Household***

**If your taxable income is:**

\$0 to \$12,150  
 \$12,150 to \$46,250  
 \$46,250 to \$119,400  
 \$119,400 to \$193,350  
 \$193,350 to \$379,150  
 \$379,150 .....

**The tax is:**

10%  
 \$1,215.00 + 15% of amount over \$12,150  
 \$6,330.00 + 25% of amount over \$46,250  
 \$24,617.50 + 28% of amount over \$119,400  
 \$45,323.50 + 33% of amount over \$193,350  
 \$106,637.50 + 35% of amount over \$379,150

## ***STATE TAX RATE SCHEDULES FOR 2011***

### **2011 MARYLAND TAX RATE SCHEDULE FOR INCOME UP TO \$100,000**

**If your taxable income is:**

\$0 to \$1,000  
\$1,000 to \$2,000  
\$2,000 to \$3,000  
\$3,000 to \$100,000

**The tax is:**

2% of taxable income  
\$20.00 + 3% of taxable income over \$1,000  
\$50.00 + 4% of taxable income over \$2,000  
\$90.00 + 4.75% of taxable income over \$2,000

There are 23 counties in Maryland, plus Baltimore City. Each of these jurisdictions has its own local tax rate in addition to the Maryland tax rate. These rates range from 1.25% to 3.20%. What rate applies to your taxable income depends on the jurisdiction in which you live. The local tax rate for Montgomery County is 3.20%. The local tax rate for Baltimore City is 3.20%. The local tax rate for Frederick County is 2.96%. If you are taxed as a Maryland nonresident, you will pay the state tax rate plus a special nonresident tax of 1.25% instead of the local tax rate.

### **2011 DISTRICT OF COLUMBIA TAX RATE SCHEDULE**

**If your taxable income is:**

Not over \$10,000  
Over \$10,000 but not over \$40,000  
Over \$40,000

**The tax is:**

4% of taxable income  
\$400.00 + 6% of taxable income over \$10,000  
\$2,200.00 + 8.5% of taxable income over \$40,000

### **2011 VIRGINIA TAX RATE SCHEDULE**

**If your taxable income is:**

\$0 to \$3,000  
\$3,001 to \$5,000  
\$5,001 to \$17,000  
Over \$17,000

**The tax is:**

2% of taxable income  
\$60.00 + 3% of taxable income over \$3,000  
\$120.00 + 5% of taxable income over \$5,000  
\$720.00 + 5.75% of taxable income over \$17,000

## 2011 NORTH CAROLINA TAX RATE SCHEDULE

### *Single*

**If your taxable income is:**

\$0 to \$12,750  
\$12,751 to \$60,000  
Over \$60,000

**The tax is:**

6% of taxable income  
\$765.00 + 7% of taxable income over \$12,750  
\$4,072.50 + 7.75% of taxable income over \$60,000

### *Head of Household*

**If your taxable income is:**

\$0 to \$17,000  
\$17,001 to \$80,000  
Over \$80,000

**The tax is:**

6% of taxable income  
\$1,020.00 + 7% of taxable income over \$17,000  
\$5,430.00 + 7.75% of taxable income over \$80,000

### *Married Filing Jointly*

**If your taxable income is:**

\$0 to \$21,250  
\$21,251 to \$100,000  
Over \$100,000

**The tax is:**

6% of taxable income  
\$1,275.00 + 7% of taxable income over \$21,250  
\$6,787.50 + 7.75% of taxable income over \$100,000

### *Married Filing Separately*

**If your taxable income is:**

\$0 to \$10,625  
\$10,626 to \$50,000  
Over \$50,000

**The tax is:**

6% of taxable income  
\$637.50 + 7% of taxable income over \$10,625  
\$3,393.75 + 7.75% of taxable income over \$50,000

Effective for taxable years beginning on or after January 1, 2011 there is no longer an income tax surtax.

## 2011 MONTANA TAX RATE SCHEDULE

<b><u>If your taxable income is:</u></b>	<b><u>Multiply by</u></b>	<b><u>and Subtract</u></b>
Not over \$2,700	1%	
Over \$2,700 but not over \$4,700	2%	\$27
Over \$4,700 but not over \$7,200	3%	\$74
Over \$7,200 but not over \$9,700	4%	\$146
Over \$9,700 but not over \$12,500	5%	\$243
Over \$12,500 but not over \$16,000	6%	\$368
Over \$16,000	6.9%	\$512

## 2011 ARIZONA TAX RATE SCHEDULE

### Single and Married Filing Separately

<b><u>If your taxable income is:</u></b>	<b><u>Multiply by</u></b>	<b><u>and Subtract</u></b>
Not over \$10,000	2.59%	
Over \$10,000 but not over \$25,000	2.88%	\$29
Over \$25,000 but not over \$50,000	3.36%	\$149
Over \$50,000 but not over \$150,000	4.24%	\$589
Over \$150,000	4.54%	\$1,039

### Married Filing Jointly and Head of Household

<b><u>If your taxable income is:</u></b>	<b><u>Multiply by</u></b>	<b><u>and Subtract</u></b>
Not over \$20,000	2.59%	
Over \$20,000 but not over \$50,000	2.88%	\$58
Over \$50,000 but not over \$100,000	3.36%	\$298
Over \$100,000 but not over \$300,000	4.24%	\$1,178
Over \$300,000	4.54%	\$2,078

## ***FILING CHECKLIST***

Check the appropriate box indicating your filing status.

Be sure to enter your identifying number (SSN or ITIN, as appropriate) in the space provided next to your name on page 1 of [Form 1040](#) or [Form 1040NR](#) and on your state return. Check that your name and identifying number agree with your identification document, such as your social security card or the IRS notice assigning your ITIN.

- If you are married filing a joint or separate return on [Form 1040](#), also enter your spouse's information in the space provided on page 1.
- If you are married and you checked filing status box 3 or 4 on page 1 of [Form 1040NR](#), enter your spouse's information in the space provided on page 1.

If you are claiming dependents, make sure to enter the correct name and identifying number (SSN or ITIN, as appropriate) for each dependent you claim. Check that each dependent's name and identifying number agree with his or her identification document.

Make sure your name and address are correct. If you live in an apartment, be sure to include your apartment number in your address.

Carefully check your math, especially for the child tax credit, total income, itemized deductions or standard deduction, deduction for exemptions, taxable income, total tax, federal income tax withheld, and refund or amount you owe.

If you are filing [Form 1040NR](#), be sure to answer all questions on page 5, Schedule OI - Other Information. If a question does not apply to you, write "N/A" (not applicable).

Remember to sign and date your tax returns and enter your occupation(s) in the US. If you are filing a joint return, your spouse must also sign.

Make sure to keep copies for your tax returns with all schedules, worksheets, receipts and other supporting documents. Do not mail any receipts with your tax returns.

If you owe tax on your federal and/or state tax return, you must include a check or money order for the balance due with your return. Do not send cash. You should write your **social security number** and the **tax year** and **form number** (e.g., "2011 Form 1040" or "2011 Form 1040NR" for federal or "2011 Form MD502" for Maryland) on your check. Checks should be made payable as follows:

- **Federal** checks should be made payable to "United States Treasury"
- **Maryland** checks should be made payable to "Comptroller of Maryland"
- **DC** checks should be made payable to "DC Treasurer"
- **Virginia** checks should be made payable to "Virginia Department of Taxation"
- **North Carolina** checks should be made payable to "NC Dept of Revenue"
- **Arizona** checks should be made payable to "Arizona Department of Revenue"
- **Montana** checks should be made payable to "Department of Revenue"

Enclosing federal payment voucher [Form 1040-V](#) or the corresponding state payment voucher with your check will help your payment be processed more accurately and efficiently.

## *Assembling Your Federal Return*

[Form 1040](#) or [Form 1040NR](#) is the main form and should be presented first.

- An exception to this rule applies only when filing [Form W-7](#) with Form 1040 or Form 1040NR. If you are including Form W-7, it should be stapled on top of Form 1040 or 1040NR. There is also a special mailing address to use when Form W-7 is included with Form 1040 or Form 1040NR. See “Where to Mail Your Returns”.

Assemble any schedules and forms behind Form 1040 or Form 1040NR in the order of the “Attachment Sequence No.” shown in the upper right corner of the schedule or form.

- If you have supporting statements, arrange them in the same order as the schedules or forms they support and attach them last.
- Do not attach correspondence or other items unless required to do so.

Staple a copy of your Form W-2 and/or Form 1042-S to the front of Form 1040 or Form 1040NR on the left side of the page where indicated. Use Copy B of Form W-2 and Copy C of Form 1042-S. Form 1099 is not required to be attached to your tax return except for Form 1099-R, and then only if tax was withheld.

- Follow the same procedure for your state tax return, using Copy 1 of Form W-2 and Copy D of Form 1042-S.

Staple all forms, schedules, and supporting statements together in the upper left corner. The IRS requests that you enclose, but do not attach, any payment with your return.

## ***WHERE TO MAIL YOUR TAX RETURNS***

Where you mail your federal and state tax returns depends on what type of forms are being filed, where you live, and/or whether you are enclosing a payment or expecting a refund with your returns.

Your tax returns must be postmarked no later than their due dates, including extensions. A postage meter postmark will not qualify as a timely postmark. It is recommended that you file your returns using certified mail with postmarked receipts for proof of timely filing. You should write the certified mail receipt numbers on the returns in the margin near your signature prior to filing. You should also retain the certified mail receipts with your copies of the returns.

### ***Federal Mailing Addresses***

**Nonresident Aliens** filing Form 1040NR and **Dual-Status Aliens** mail their tax returns to:

Department of the Treasury  
Internal Revenue Service  
Austin, TX 73301-0215

**Resident Aliens** filing Form 1040 who live in Maryland, District of Columbia, or Virginia:

- If you are not enclosing a check or money order, mail your return to:  
Department of the Treasury  
Internal Revenue Service  
Kansas City, MO 64999-0002
- If you are enclosing a check or money order, mail your return to:  
Internal Revenue Service  
P.O. Box 970011  
St Louis, MO 63197-0011

**Resident Aliens** filing Form 1040 who live in North Carolina:

- If you are not enclosing a check or money order, mail your return to:  
Department of the Treasury  
Internal Revenue Service  
Kansas City, MO 64999-0002
- If you are enclosing a check or money order, mail your return to:  
Internal Revenue Service  
P.O. Box 37008  
Hartford, CT 06176-0008

**Resident Aliens** filing Form 1040 who live in Arizona:

- If you are not enclosing a check or money order, mail your return to:  
Department of the Treasury  
Internal Revenue Service  
Fresno, CA 93888-0002
- If you are enclosing a check or money order, mail your return to:  
Internal Revenue Service  
P.O. Box 7704  
San Francisco, CA 94120-7704

**Resident Aliens** filing Form 1040 who live in Montana:

- If you are not enclosing a check or money order, mail your return to:  
Department of the Treasury  
Internal Revenue Service  
Fresno, CA 93888-0002
- If you are enclosing a check or money order, mail your return to:  
Internal Revenue Service  
P.O. Box 802501  
Cincinnati, OH 45280-2501

If you are filing **Form W-7** with Form 1040NR or Form 1040, do not use any of the above mailing addresses. Instead, mail your return and required documentation to:

Internal Revenue Service  
ITIN Operation  
P.O. Box 149342  
Austin, TX 78714-9342

## *State Mailing Addresses*

**If you are filing a Maryland tax return, mail your return to:**

Comptroller of Maryland  
Revenue Administration Division  
Annapolis, MD 21411-0001

**Residents of the District of Columbia:**

- If you are enclosing a payment, mail your return to:  
Office of Tax and Revenue  
P.O. Box 7182  
Washington, DC 20044-7182
- If you are requesting a refund or have no payment due, mail your return to:  
Office of Tax and Revenue  
P.O. Box 209  
Washington, DC 20044-0209

## Residents of Virginia:

- If you have tax due, mail your return to:  
Virginia Department of Taxation  
P.O. Box 760  
Richmond, VA 23218-0760
- If you are requesting a refund, mail your return to:  
Virginia Department of Taxation  
P.O. Box 1498  
Richmond, VA 23218-1498

Alternatively, you may mail your return to the Commissioner of the Revenue office located in your county of residence. See the list of addresses in the [Virginia Individual Income Tax Booklet](#).

## Residents of North Carolina:

- If you are due a refund, mail your return to:  
NC Department of Revenue  
P.O. Box R  
Raleigh, NC 27634-0001
- If you are not due a refund, mail your return to:  
NC Department of Revenue  
P.O. Box 25000  
Raleigh, NC 27640-0640

## Residents of Arizona:

- If you are enclosing a payment, mail your return to:  
Arizona Department of Revenue  
P.O. Box 52016  
Phoenix, AZ 85072-2016
- If you are requesting a refund or have no payment due, mail your return to:  
Arizona Department of Revenue  
P.O. Box 52138  
Phoenix, AZ 85072-2138

## Residents of Montana:

- If you are enclosing a payment, mail your return to:  
Montana Department of Revenue  
P.O. Box 6308  
Helena, MT 59604-6308
- If you are requesting a refund or have no payment due, mail your return to:  
Montana Department of Revenue  
P.O. Box 6577  
Helena, MT 59604-6577