

# Instructions for Form 6251

Alternative Minimum Tax—Individuals

# 2024

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Volume 1 of 2



Department of the Treasury  
**Internal Revenue Service**

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

## **General Instructions**

### **Future Developments**

For the latest information about developments related to Form 6251 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form6251](https://www.irs.gov/Form6251).

### **What's New**

**Exemption amount.** The exemption amount on Form 6251, line 5, has increased to \$85,700 (\$133,300 if married filing jointly or qualifying surviving spouse; \$66,650 if married filing separately).

Also, the amount used to determine the phaseout of your exemption has increased to \$609,350 (\$1,218,700 if married filing jointly or qualifying surviving spouse).

**AMT tax brackets.** For 2024, for non-corporate taxpayers, the 26% tax rate applies to the first \$232,600 (\$116,300 if married filing separately) of taxable excess (the amount on line 6). This change is reflected on lines 7, 18, and 39.

## **Who Must File**

Attach Form 6251 to your return if any of the following statements are true.

1. Form 6251, line 7, is greater than line 10.
2. You claim any general business credit, and either line 6 (in Part I) of Form 3800 or line 25 of Form 3800 is more than zero.
3. You claim the qualified electric vehicle credit (Form 8834), the personal-use part of the alternative fuel vehicle refueling property credit (Form 8911),

or the credit for prior year minimum tax (Form 8801).

4. The total of Form 6251, lines 2c through 3, is negative and line 7 would be greater than line 10 if you didn't take into account lines 2c through 3.

## **Purpose of Form**

Use Form 6251 to figure the amount, if any, of your alternative minimum tax (AMT). The AMT is a separate tax that is imposed in addition to your regular tax. It applies to taxpayers who have certain types of income that receive favorable treatment, or who qualify for certain deductions, under the tax law. These tax benefits can significantly reduce the regular tax of some taxpayers with higher economic incomes. The AMT sets a limit on the amount these benefits can be used to reduce total tax.

Also use Form 6251 to figure your tentative minimum tax (Form 6251, line 9). You may need to know that amount to figure the tax liability limit on the credits listed under *Who Must File*, earlier.

## **Figuring AMT Amounts**

For the AMT, certain items of income, deductions, etc., receive different tax treatment than for the regular tax. Therefore, you will need to figure items for the AMT differently from how you figured them for the regular tax. These instructions will help you figure AMT items by using the amount you figured for the regular tax and refiguring it for the AMT. In some cases, it is easiest to refigure an item for AMT by completing a tax form or worksheet a second time using additional AMT instructions. These instructions refer to such a form or worksheet as an "AMT" version. If you do complete an AMT version of a form or worksheet, don't attach it to your tax return unless instructed

to do so. For example, you may have to attach an AMT Form 1116, Foreign Tax Credit, to your return; see Line 8, later.

As you figure some deductions and credits for the AMT, carrybacks or carryforwards to other tax years may be different from what you figured for the regular tax. Examples are investment interest expense, a net operating loss (NOL), a capital loss, a passive activity loss, and the foreign tax credit. Your at-risk limits and basis amounts may also differ for the AMT.

## **Recordkeeping**

You must keep records to support items reported on Form 6251 in case the IRS has questions about them. If the IRS examines your tax return, you may be asked to explain the items reported. Good records will help you explain any item and arrive at the correct AMT.



Keep records that show how you figured income, deductions, etc., for the AMT. Also keep records of any items that you used to figure the AMT that differ from what you used to figure the regular tax. For example, you will need to separately figure and track certain carrybacks, carryforwards, basis amounts, depreciation, and loss limitation amounts that differ between the AMT and the regular tax.

If you refigure an item for AMT by completing an AMT version of a form or worksheet, keep a copy of that AMT form or worksheet for your records.

## **Partners and Shareholders**

If you are a partner in a partnership or a shareholder in an S corporation, see Schedule K-1 and its instructions to figure your adjustments or preferences from the partnership or S corporation to include on Form 6251.

## **Nonresident Aliens**

If you are a nonresident alien and you disposed of U.S. real property interests at a gain, you must make a special computation. Fill in Form 6251 through line 6. If your net gain from the disposition of U.S. real property interests and the amount on line 4 are both greater than the tentative amount you figured for line 6, replace the amount on line 6 with the smaller of that net gain or the amount on line 4. Also enter "RPI" on the dotted line next to line 6. Otherwise, don't change line 6.

## **Credit for Prior Year Minimum Tax**

See Form 8801, Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts, if you paid AMT for 2023 or you had a minimum tax credit carryforward on your 2023 Form 8801. If you pay AMT for 2024, you may be able to take a credit on Form 8801 for 2025.

## **Optional Write-off for Certain Expenditures**

There is no AMT adjustment for the following items if you elect for the regular tax to deduct them ratably over the period of time shown.

- Circulation expenditures—3 years (section 173).
- Research and experimental expenditures—10 years (section 174(a)).
- Mining exploration and development costs—10 years (sections 616(a) and 617(a)).
- Intangible drilling costs—60 months (section 263(c)).

For information on making the election, see section 59(e) and Regulations section 1.59-1.

# Specific Instructions



*If you owe AMT, you may be able to lower your total tax (regular tax plus AMT) by claiming itemized deductions on Form 1040 or 1040-SR, even if your total itemized deductions are less than the standard deduction. This is because the standard deduction isn't allowed for the AMT and, if you claim the standard deduction on Form 1040 or 1040-SR, you can't claim itemized deductions for the AMT.*

## Part I—Alternative Minimum Taxable Income (AMTI)



*To avoid duplication, any adjustment or preference for line 2m or 2n or for a tax shelter farm activity on line 3 must not be taken into account in figuring the amount to enter for any other adjustment or preference.*

## **Line 1**

If Form 1040 or 1040-SR, line 15, is zero and includes a write-in amount (such as a capital construction fund deduction for commercial fishermen), subtract the write-in amount and line 14 of Form 1040 or 1040-SR from line 11 of Form 1040 or 1040-SR before entering the result on line 1.

**Form 1040-NR.** If you are filing Form 1040-NR, enter the amount from Form 1040-NR, line 15. If Form 1040-NR, line 15, is zero, subtract line 14 from line 11 of Form 1040-NR and enter the result. If less than zero, enter as a negative amount.

## **Line 2a—Taxes**

Enter the amount of all taxes from Schedule A (Form 1040), line 7, except any generation-skipping transfer taxes on income distributions.

If you aren't filing Schedule A (Form 1040), then enter the standard deduction amount that you reported on Form 1040 or 1040-SR, line 12.

**Net qualified disaster loss.** If you filed Schedule A just to claim an increased standard deduction on Form 1040 or 1040-SR due to a loss you suffered related to property in a federally declared disaster area, then enter zero on line 2a and go to line 2b. You will include the amount of the standard deduction (before it was increased by any net qualified disaster loss) on line 3.

**Form 1040-NR.** If you are filing Form 1040-NR, enter the amount of all taxes from Schedule A (Form 1040-NR), line 1b, plus any foreign income taxes you are deducting on Schedule A (instead of claiming a credit on Form 1116). Don't include any generation-skipping transfer taxes on income distributions.

## **Line 2b—Refund of Taxes**

Include any refund from Schedule 1 (Form 1040), line 1, that is attributable to state or local income taxes. Also include any refunds received in 2024 and included in income on Schedule 1 (Form 1040), line 8z, that are attributable to state or local personal property taxes or general sales taxes; foreign income taxes; or state, local, or foreign real property taxes. Enter the total as a negative amount. If you include an amount from Schedule 1 (Form 1040), line 8z, you must enter a description and the amount next to the entry space for line 2b. For example, if you include a refund of real property taxes, enter “real property” and the amount next to the entry space.

## **Line 2c—Investment Interest**

If you filled out Form 4952, Investment Interest Expense Deduction, for your regular tax, you will need to fill out a second Form 4952 for the AMT as follows.

**Step 1.** Follow the Form 4952 instructions for line 1, but, when completing line 1, also include any interest that would have been deductible if tax-exempt interest on private activity bonds were includible in gross income.

**Step 2.** Enter your AMT disallowed investment interest expense from 2023 on line 2. Complete line 3.

**Step 3.** When completing Part II, refigure the following amounts, taking into account all adjustments and preferences.

- Gross income from property held for investment.
- Net gain from the disposition of property held for investment.
- Net capital gain from the disposition of property held for investment.
- Investment expenses.



Include on line 4a any tax-exempt interest income from private activity bonds that must be included on Form 6251, line 2g. If you have any investment expenses that would have been deductible if the interest on the bonds were includible in gross income for the regular tax, you can use them to reduce the amount on line 4a or include them on line 5.

On line 4g, enter the smaller of:

1. The amount from line 4g of your regular tax Form 4952, or
2. The total of lines 4b and 4e of this AMT Form 4952.

**Step 4.** Complete Part III.

Enter on Form 6251, line 2c, the difference between line 8 of your AMT Form 4952 and line 8 of your regular tax Form 4952. If your AMT expense is greater, enter the difference as a negative amount.

**Investment interest expense that isn't an itemized deduction.** If you didn't itemize deductions and you had investment interest expense, don't enter an amount on Form 6251, line 2c, unless you reported investment interest expense on Schedule E (Form 1040), Supplemental Income and Loss. If you did, follow the steps above for completing Form 4952. Allocate the investment interest expense allowed on line 8 of the AMT Form 4952 in the same way you did for the regular tax. Enter on Form 6251, line 2c, the difference between the amount allowed on Schedule E for the regular tax and the amount allowed on Schedule E for the AMT.

### **Line 2d—Depletion**

Refigure your depletion deduction for the AMT. To do so, use only income and deductions allowed for the AMT when refiguring the limit based on taxable income from the property under section 613(a) and the limit based on taxable income, with

certain adjustments, under section 613A(d)(1). Also, your depletion deduction for mines, wells, and other natural deposits under section 611 is limited to the property's adjusted basis at the end of the year, as refigured for the AMT, unless you are an independent producer or royalty owner claiming percentage depletion for oil and gas wells under section 613A(c). Figure this limit separately for each property. When refiguring the property's adjusted basis, take into account any AMT adjustments you made this year or in previous years that affect basis (other than current year depletion).

Enter the difference between the regular tax and AMT deduction. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

## **Line 2f—Alternative Tax Net Operating Loss Deduction (ATNOLD)**

The ATNOLD is the sum of the alternative tax net operating loss (ATNOL) carrybacks and carryforwards to the tax year subject to the limitation explained later. Figure your ATNOLD as follows.

Your ATNOL for a loss year is the excess of the deductions allowed for figuring AMTI (excluding the ATNOLD) over the income included in AMTI. Figure this excess with the modifications in section 172(d), taking into account your AMT adjustments and preferences (that is, the section 172(d) modifications must be separately figured for the ATNOL). For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be separately figured for the ATNOL, using only nonbusiness income and deductions that are included in AMTI.

Your ATNOLD may be limited. To figure the ATNOLD limitation, you must first figure your AMTI without regard to the ATNOLD. To do this, first figure a tentative amount for line 2d by treating line 2f as if it were zero. Next, figure a tentative total of lines 1 through 3 using the tentative line 2d amount and treating line 2f as if it were zero. This is your AMTI figured without regard to the ATNOLD. **Your ATNOLD is limited to 90% of the result.**

However, the 90% limit doesn't apply to an ATNOL that is attributable to qualified disaster losses before December 19, 2004 (as defined in section 172(j)), qualified Gulf Opportunity Zone losses (as defined in section 1400N(k)(2)), qualified recovery assistance losses (as defined in Pub. 4492-A, Information for Taxpayers Affected by the May 4, 2007, Kansas Storms and Tornadoes), qualified disaster recovery assistance losses (as defined in Pub. 4492-B, Information for

Affected Taxpayers in the Midwestern Disaster Areas), or a 2008 or 2009 loss that you elected to carry back more than 2 years under section 172(b)(1)(H). Therefore, if an ATNOL that is carried back or carried forward to the tax year is attributable to any of those losses, the ATNOLD for the tax year is limited to the sum of:

1. The smaller of:
  - a. The sum of the ATNOL carrybacks and carryforwards to the tax year attributable to NOLs other than those losses described in (2a) below, or
  - b. 90% of AMTI for the tax year (figured without regard to the ATNOLD); plus

2. The smaller of:
  - a. The sum of the ATNOL carrybacks and carryforwards to the tax year attributable to

qualified disaster losses, qualified Gulf Opportunity Zone losses, qualified recovery assistance losses, qualified disaster recovery assistance losses, and any 2008 or 2009 loss that you elected to carry back more than 2 years under section 172(b)(1)(H), or

- b. 100% of AMTI for the tax year (figured without regard to the ATNOLD) reduced by the amount determined under (1).

Enter on line 2f the smaller of the ATNOLD or the ATNOLD limitation. Enter it as a negative amount.

An ATNOL that arose before your 2018 tax year may generally be carried back 2 years or forward up to 20 years. Any ATNOL arising after your 2020 tax year may generally be carried forward indefinitely. For more

information about carryover periods and special rules for 2018 through 2020 losses, see Pub. 536.

The treatment of ATNOLs doesn't affect your regular tax NOL. However, if you elected under section 172(b)(3) to forgo the carryback period for the regular tax, the election also applies for the AMT.

### **Line 2g—Interest From Private Activity Bonds**

Enter on line 2g interest income from “specified private activity bonds” reduced (but not below zero) by any deduction that would have been allowable if the interest were includible in gross income for the regular tax. Each payer of this type of interest should send you a Form 1099-INT showing the amount of this interest in box 9.

Generally, the term “specified private activity bond” means any private activity bond (as defined in section 141) the interest on which



isn't includible in gross income for the regular tax if the bond was issued after August 7, 1986. But specified private activity bonds generally don't include any bonds issued in 2009 or 2010. See section 57(a)(5) for other exceptions and more details.

Don't include interest on qualified New York Liberty Bonds, qualified Gulf Opportunity Zone bonds, qualified Midwestern disaster area bonds, or qualified Hurricane Ike disaster area bonds.

Exempt-interest dividends paid by a mutual fund or other regulated investment company are treated as interest income on specified private activity bonds to the extent the dividends are attributable to interest on the bonds received by the company, minus an allocable share of the expenses paid or incurred by the company in earning the interest. This specified private activity bond interest dividends amount should be reported to you in box 13 of Form 1099-DIV.

If you are filing Form 8814, Parents' Election To Report Child's Interest and Dividends, include on this line any tax-exempt interest income from line 1b of that form that is a preference item.

### **Line 2h—Qualified Small Business Stock**

If you claimed the exclusion under section 1202 for gain on qualified small business stock acquired before September 28, 2010, and held more than 5 years, multiply the excluded gain (as shown on Form 8949 in column (g)) by 7% (0.07). Enter the result on line 2h as a positive amount.

### **Line 2i—Exercise of Incentive Stock Options**

For the regular tax, no income is recognized when an incentive stock option (ISO), as defined in section 422(b), is exercised. However, this rule doesn't apply for the AMT. Instead, you must generally include on line 2i the excess, if any, of:

1. The fair market value (FMV) of the stock acquired through exercise of the option (determined without regard to any lapse restriction) when your rights in the acquired stock first become transferable or when these rights are no longer subject to a substantial risk of forfeiture; over
2. The amount you paid for the stock, including any amount you paid for the ISO used to acquire the stock.

Even if your rights in the stock aren't transferable and are subject to a substantial risk of forfeiture, you may elect to include in AMT income the excess of the stock's FMV (determined without regard to any lapse restriction) over the exercise price upon the transfer to you of the stock acquired through exercise of the option. You must make the election by the 30th day after the date of the transfer. See Pub. 525 for more details.

If you acquired stock by exercising an ISO and you disposed of that stock in the same year, the tax treatment under the regular tax and the AMT is the same, and no adjustment is required.

Increase your AMT basis in any stock acquired through the exercise of an ISO by the amount of the adjustment. Keep adequate records for both the AMT and regular tax so that you can figure your adjustment. See the instructions for line 2k.

**Form 3921.** If you received a Form 3921, it may help you figure your adjustment.

**Example.** You exercised an ISO to acquire 100 shares of stock in 2024. Your rights in the acquired stock first became transferable on the date you exercised the ISO and weren't subject to a substantial risk of forfeiture. You didn't pay anything for the ISO. You didn't sell the acquired stock during 2024. You received a Form 3921 that shows \$10 in box 3 (the exercise price you paid for

each share), \$25 in box 4 (the FMV of each share on the exercise date), and 100 shares in box 5 (the number of shares you acquired). To figure your adjustment, multiply the amount in box 4, \$25, by the 100 shares in box 5. The result is \$2,500, the FMV of all the shares. Then, multiply the amount in box 3, \$10, by the 100 shares in box 5. The result is \$1,000, the amount you paid for all the shares. Your adjustment is \$1,500 (\$2,500 – \$1,000). Enter it on Form 6251, line 2i.

## **Line 2k—Disposition of Property**

Your AMT gain or loss from the disposition of property may be different from your gain or loss for the regular tax. This is because the property may have a different adjusted basis for the AMT. Use this line to report any AMT adjustment resulting from refiguring:

1. Gain or loss from the sale, exchange, or involuntary conversion of property reported on Form 4797, Sales of Business Property;

2. Casualty gain or loss to business or income-producing property reported on Form 4684, Casualties and Thefts;
3. Ordinary income from the disposition of property not already taken into account in (1) or (2) or on any other line on Form 6251, such as a disqualifying disposition of stock acquired in a prior year by exercising an incentive stock option; and
4. Capital gain or loss (including any carryover that is different for the AMT) reported on Form 8949, Sales and Other Dispositions of Capital Assets, or Schedule D (Form 1040), Capital Gains and Losses.

First figure any ordinary income adjustment related to (3) above. Then, refigure Form 4684, Form 4797, Form 8949, and Schedule D for the AMT, if applicable, by taking into account any adjustments you made this year or in previous years that affect your basis or

otherwise result in a different amount for the AMT. When you refigure your gain or loss on Form 8949 for AMT, the amount of gain you elected to defer for regular tax purposes due to an investment in a qualified opportunity fund may need to be adjusted on your AMT Form 8949. An adjustment may be required if the regular tax and AMT adjusted basis of the property you sold prior to your investment is different.

If you have a capital loss after refiguring Schedule D for the AMT, apply the \$3,000 capital loss limitation separately to the AMT loss. Because the amount of your gains and losses may be different for the AMT, the amount of any capital loss carryover may also be different for the AMT. See the following example. To figure your AMT capital loss carryover, fill out an AMT Capital Loss Carryover Worksheet in the Schedule D instructions.

For each of the four items listed earlier, figure the difference between the amount included in taxable income for the regular tax and the amount included in income for the AMT.

Include the difference as a negative amount on line 2k if (a) both the AMT and regular tax amounts are zero or more and the AMT amount is less than the regular tax amount; or (b) the AMT amount is a loss, and the regular tax amount is a smaller loss, or is zero or more.

Enter on line 2k the combined adjustments for the four items listed earlier.

***Example.*** On March 13, 2023, your filing status is single, you paid \$20,000 to exercise an ISO (which was granted to you on January 3, 2022) to buy 200 shares of stock worth \$200,000. The \$180,000 difference between your cost and the value of the stock at the time you exercised the option isn't taxable for the regular tax. Your regular tax basis in the stock at the end of 2023 is \$20,000. For the



AMT, however, you must include the \$180,000 as an adjustment on your 2023 Form 6251. Your AMT basis in the stock at the end of 2023 is \$200,000.

On January 18, 2024, you sold 100 of the shares for \$75,000. Because you didn't hold these shares more than 1 year, that sale is a disqualifying disposition. For the regular tax, you have ordinary income of \$65,000 (\$75,000 minus your \$10,000 basis in the 100 shares). You have no capital gain or loss for the regular tax resulting from the sale. For the AMT, you have no ordinary income, but have a short-term capital loss of \$25,000 (\$75,000 minus your \$100,000 AMT basis in the 100 shares).

On April 21, 2024, you sold the other 100 shares for \$60,000. Because you held the shares for more than 1 year and more than 2 years had passed since the option was granted to you, the sale isn't a disqualifying disposition. For the regular tax, you have a

long-term capital gain of \$50,000 (\$60,000 minus your regular tax basis of \$10,000). For the AMT, you have a long-term capital loss of \$40,000 (\$60,000 minus your AMT basis of \$100,000).

You have no other sales of stock or other capital assets for 2024. You enter a total negative adjustment of \$118,000 on line 2k of your 2024 Form 6251, figured as follows.

- You figure a negative adjustment of \$65,000 for the difference between the \$65,000 of regular tax ordinary income and the \$0 of AMT ordinary income for the first sale.
- For the regular tax, you have \$50,000 capital gain net income from the second sale. For the AMT, you have a \$25,000 short-term capital loss from the first sale, and a \$40,000 long-term capital loss from the second sale, resulting in a net capital loss of \$65,000 for the AMT. However, only \$3,000 of the \$65,000 net capital

loss is allowed for 2024 for the AMT. The difference between the regular tax gain of \$50,000 and the \$3,000 loss allowed for the AMT results in a \$53,000 negative adjustment to include on line 2k.

You have an AMT capital loss carryover from 2024 to 2025 of \$62,000, of which \$22,000 is short term and \$40,000 is long term. If you have no other Form 8949 or Schedule D transactions for 2025, your adjustment reported on your 2025 Form 6251 would be limited to (\$3,000), the amount of your capital loss limitation for 2025.

## **Line 2l—Post-1986 Depreciation**



*To avoid duplication, any AMT adjustment or tax preference item taken into account on this line shouldn't be taken into account in figuring the amount to enter on any other adjustment or tax preference item line of this form.*

This section describes when depreciation must be refigured for the AMT and how to figure the amount to enter on line 2l. Don't use line 2l for depreciation related to the following.

- Passive activities. Take this adjustment into account on line 2m.
- An activity for which you aren't at risk. Take this adjustment into account on line 2n.
- Income or loss from a partnership or an S corporation if the basis limitations apply. Take this adjustment into account on line 2n.
- A tax shelter farm activity. Take this adjustment into account on line 3.

## **What Depreciation Must Be Refigured for the AMT?**

Generally, you must refigure depreciation for the AMT, including depreciation allocable to inventory costs, for:

- Property placed in service after 1998 that is depreciated for the regular tax using the 200% declining balance method (generally 3-, 5-, 7-, and 10-year property under the modified accelerated cost recovery system (MACRS), except for certain qualified property eligible for the special depreciation allowance (discussed later));
- Section 1250 property placed in service after 1998 that isn't depreciated for the regular tax using the straight line method; and
- Tangible property placed in service after 1986 and before 1999. (If the transitional election was made under section

203(a)(1)(B) of the Tax Reform Act of 1986, this rule applies to property placed in service after July 31, 1986.)

## **What Depreciation Isn't Refigured for the AMT?**

Don't refigure depreciation for the AMT for the following.

- Residential rental property placed in service after 1998.
- Nonresidential real property with a class life of 27.5 years or more placed in service after 1998 that is depreciated for the regular tax using the straight line method.
- Other section 1250 property placed in service after 1998 that is depreciated for the regular tax using the straight line method.
- Property (other than section 1250 property) placed in service after 1998 that is depreciated for the regular tax using

the 150% declining balance method or the straight line method.

- Property for which you elected to use the alternative depreciation system (ADS) of section 168(g) for the regular tax.
- Qualified property that is or was eligible for a special depreciation allowance if the depreciable basis of the property is the same for the AMT and the regular tax. This applies to any special depreciation allowance, including those for disaster assistance property, reuse and recycling property, cellulosic biofuel plant property, second generation biofuel plant property, New York Liberty Zone property, Gulf Opportunity Zone property, and Kansas disaster area recovery assistance property. The special allowance is deductible for the AMT, and no adjustment is required for any depreciation figured on the remaining basis of the qualified property because the depreciable basis of

the property is the same for the AMT and the regular tax. If you elected not to have any special depreciation allowance apply, the property may be subject to an AMT adjustment for depreciation if it was placed in service before 2016. It isn't subject to an AMT adjustment for depreciation if it was placed in service after 2015.

- Any part of the cost of any property for which you elected to take a section 179 expense deduction. The reduction to the depreciable basis of section 179 property by the amount of the section 179 expense deduction is the same for the regular tax and the AMT.
- Motion picture films, videotapes, or sound recordings.
- Property depreciated under the unit-of-production method or any other method not expressed in a term of years.



- Indian reservation property that meets the requirements of section 168(j).
- A natural gas gathering line placed in service after April 11, 2005.

## **How Is Depreciation Refigured for the AMT?**

### **Property placed in service before 1999.**

Refigure depreciation for the AMT using ADS, with the same convention used for the regular tax. See the following table for the method and recovery period to use.

<b>Property Placed in Service Before 1999</b>	
<b>IF the property is...</b>	<b>THEN use the...</b>
section 1250 property	straight line method over 40 years.
tangible property (other than section 1250 property) depreciated using	straight line method over the property's AMT class life.

straight line method for the regular tax	
any other tangible property	150% declining balance method, switching to straight line method the first tax year it gives a larger deduction, over the property's AMT class life.

### **Property placed in service after 1998.**

Use the same convention and recovery period used for the regular tax. For property other than section 1250 property, use the 150% declining balance method, switching to straight line the first tax year it gives a larger deduction. For section 1250 property, use the straight line method.

## How Is the AMT Class Life Determined?

The class life used for the AMT isn't necessarily the same as the recovery period used for the regular tax. The class lives for the AMT are listed in Rev. Proc. 87-56, 1987-2 C.B. 674, and in Pub. 946, How To Depreciate Property. Use 12 years for any tangible personal property not assigned a class life.



*See Pub. 946 for tables that can be used to figure AMT depreciation. Rev. Proc. 89-15, 1989-1 C.B. 816, has special rules for short years and for property disposed of before the end of the recovery period.*

## How Is the Adjustment Figured?

Subtract the AMT deduction for depreciation from the regular tax deduction and enter the result. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

In addition to the AMT adjustment to your deduction for depreciation, also adjust the amount of depreciation that was capitalized, if any, to account for the difference between the rules for the regular tax and the AMT. Include on this line the current year adjustment to taxable income, if any, resulting from the difference.

### **Line 2m—Passive Activities**

Refigure your passive activity gains and losses for the AMT by taking into account all adjustments and preferences and any AMT prior year unallowed losses that apply to that activity. You may fill out an AMT Form 8582, Passive Activity Loss Limitations, and AMT versions of the other forms or schedules on which your passive activities are reported, to determine your passive activity loss allowed for the AMT, but don't file the AMT versions of these forms and schedules with your tax return. Instead, keep them with your records.

**Example.** You are a partner in a partnership and the Schedule K-1 (Form 1065) you received shows the following.

- A passive activity loss of \$4,125.
- A depreciation adjustment of \$500 on post-1986 property.
- An adjustment of \$225 on the disposition of property.

Because the two adjustments above are from the passive activity and aren't allowed for the AMT, you must first reduce the passive activity loss by those amounts. The result is a passive activity loss for the AMT of \$3,400. You then enter this amount on the AMT Form 8582 and refigure the allowable passive activity loss for the AMT.



*The amount of any AMT passive activity loss that isn't deductible and is carried forward is likely to differ from the regular tax amount, if any. Therefore,*

*keep adequate records for both the AMT and regular tax.*

Enter the difference between the amount that would be reported for the activity on Schedule C, E, or F or Form 4835, Farm Rental Income and Expenses, for the AMT and the regular tax amount. If (a) the AMT loss is more than the regular tax loss, (b) the AMT gain is less than the regular tax gain, or (c) you have an AMT loss and a regular tax gain, enter the adjustment as a negative amount.

Enter any adjustment for amounts reported on Form 8949, Schedule D, Form 4684, or Form 4797, for the activity on line 2k instead of line 2m. See the instructions for line 2k.

### **Publicly Traded Partnership (PTP)**

If you had a loss from a PTP, refigure the loss using any AMT adjustments and preferences and any AMT prior year unallowed loss.

## **Tax Shelter Passive Farm Activities**

Refigure any gain or loss from a tax shelter passive farm activity taking into account all AMT adjustments and preferences and any AMT prior year unallowed losses. If the amount is a gain, include it on the AMT Form 8582. If the amount is a loss, don't include it on the AMT Form 8582. Carry the loss forward to 2025 to see if you have a gain or loss from tax shelter passive farm activities for 2025.

## **Insolvency**

If at the end of the tax year your liabilities exceed the FMV of your assets, increase your passive activity loss allowed by that excess (but not by more than your total loss). See section 58(c)(1).

## Line 2n—Loss Limitations



*To avoid duplication, any AMT adjustment or tax preference item taken into account on this line shouldn't be taken into account in figuring the amount to enter on any other adjustment or tax preference item line of this form.*

For passive activities, see the line 2m instructions instead. For tax shelter farm activities (that aren't passive), see the line 3 instructions.

Refigure your gains and losses from activities for which you aren't at risk and basis limitations applicable to partnerships and S corporations by taking into account all AMT adjustments and preferences that apply. See sections 59(h), 465, 704(d), and 1366(d).

Enter the difference between the amount that would be reported for the activity on Schedule C, E, or F or Form 4835 for the AMT and the regular tax amount. If (a) the AMT loss is



more than the regular tax loss, (b) the AMT gain is less than the regular tax gain, or (c) you have an AMT loss and a regular tax gain, enter the adjustment as a negative amount.



*The AMT amount of any gain or loss from activities for which you aren't at risk is likely to differ from the regular tax amount. Your AMT basis in partnerships and S corporations is also likely to differ from your regular tax basis. Therefore, keep adequate records for both the AMT and regular tax.*

Enter any adjustment for amounts reported on Form 8949, Schedule D, Form 4684, or Form 4797, for the activity on line 2k instead of line 2n.

## **Line 2o—Circulation Costs**



*Don't make this adjustment for costs for which you elected the optional 3-year write-off for the regular tax.*

Circulation costs (expenditures to establish, maintain, or increase the circulation of a newspaper, magazine, or other periodical) deducted in full for the regular tax in the year they were paid or incurred must be capitalized and amortized over 3 years for the AMT. Enter the difference between the regular tax and AMT deduction. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

If you had a loss on property for which circulation costs haven't been fully amortized for the AMT, your AMT deduction is the smaller of (a) the loss allowable for the costs had they remained capitalized, or (b) the remaining costs to be amortized for the AMT.

## **Line 2p—Long-Term Contracts**



*To avoid duplication, any AMT adjustment or tax preference item taken into account on this line shouldn't be taken into account in figuring the*

*amount to enter on any other adjustment or tax preference item line of this form.*

For the AMT, you must generally use the percentage-of-completion method described in section 460(b) to determine your income from any long-term contract (defined in section 460(f)). However, this rule doesn't apply to any home construction contract (as defined in section 460(e)(5)). For contracts excepted from the percentage-of-completion method for the regular tax by section 460(e)(1), use the simplified procedures for allocating costs outlined in section 460(b)(3) to determine the percentage of completion.

Enter the difference between the AMT and regular tax income. If the AMT income is smaller, enter the difference as a negative amount.

**Note.** If you are required to use the percentage-of-completion method for either the regular tax or the AMT, you may owe or be entitled to a refund of interest for the tax

year the contract is completed or adjusted.  
For details, see Form 8697, Interest  
Computation Under the  
Look-Back Method for Completed Long-Term  
Contracts.

## **Line 2q—Mining Costs**



*Don't make this adjustment for costs  
for which you elected the optional 10-  
year write-off for the regular tax.*

Mining exploration and development costs deducted in full for the regular tax in the tax year they were paid or incurred must be capitalized and amortized over 10 years for the AMT. Enter the difference between the regular tax and AMT deduction. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

If you had a loss on property for which mining costs haven't been fully amortized for the AMT, your AMT deduction is the smaller of (a)

the loss allowable for the costs had they remained capitalized, or (b) the remaining costs to be amortized for the AMT.

## **Line 2r—Research and Experimental Costs**



*Don't make this adjustment for costs paid or incurred in connection with an activity in which you materially participated under the passive activity rules or for costs for which you elected the optional 10-year write-off for research and experimental costs under section 59(e) for regular tax purposes.*

Research and experimental costs deducted under section 174(a) for regular tax purposes generally must be amortized for AMT purposes over 10 years beginning with the year the costs were paid or incurred.

Enter the difference between the amount allowed for AMT purposes and the amount allowed for regular tax purposes. If the

amount for AMT purposes exceeds the amount allowed for regular tax purposes, enter the difference as a negative amount.

If you had a loss on property for which research and experimental costs haven't been fully amortized for the AMT, the AMT deduction is the smaller of (a) the loss allowable for the costs had they remained capitalized, or (b) the remaining costs to be amortized for the AMT.

### **Line 2s—Installment Sales**

The installment method doesn't apply for the AMT to any nondealer disposition of property after August 16, 1986, but before January 1, 1987, if an installment obligation to which the proportionate disallowance rule applied arose from the disposition. Enter the amount of installment sale income reported for the regular tax as a negative amount on line 2s.