Form **4625**
Department of the Treasury
Internal Revenue Service

Computation of Minimum Tax

▶ Attach to Form 1040

1975

Name(s) as shown on Form 1040 | Your social security number

1 **Tax Preference Items.** File this form if the total tax preference items (line 2) is more than $30,000 ($15,000 if married filing separately) even though you owe no minimum tax. If this is a short period return, see instructions for line 3. **Caution:** See "Limitations on amounts treated as tax preference items in certain cases" in instructions.

(a) Accelerated depreciation on real property:

(1) Low-income rental housing under sec. 167(k) . . . . . .

(2) Other real property . . . . . .

(b) Accelerated depreciation on personal property subject to a net lease . . . . . .

(c) Amortization of certified pollution control facilities . . . . . .

(d) Amortization of railroad rolling stock . . . . . .

(e) Amortization of on-the-job training facilities . . . . . .

(f) Amortization of child care facilities . . . . . .

(g) Stock options . . . . . .

(h) Reserves for losses on bad debts of financial institutions . . . . . .

(i) Depletion . . . . . .

(j) Capital gains . . . . . .

2 Total tax preference items (add lines 1(a) through 1(j)) . . . . . .

3 Exclusion. Enter $30,000. If married filing separately, enter $15,000 . . . . . .

4 Subtract line 3 from line 2 . . . . . .

5 Amount from Form 1040, line 18 * . . . . . .

6 Amount from Form 1040, line 55 . . . . . .

Instructions

(Section references are to the Internal Revenue Code unless otherwise specified)

Who Must File.—If you have tax preference items in excess of $30,000 ($15,000 if married filing separately) you must file this form even though you owe no minimum tax. If this is a short period return, see the note in instructions for line 3.

Line 1—Tax Preference Items.—

(a) Accelerated depreciation on real property:

(1) Low income rental housing under sec. 167(k)

(2) Other real property

Enter on the appropriate line(s) the excess of depreciation allowable over the depreciation that would have been allowable if the straight-line method had been used. You must compute this excess on a property by property basis.

Note: If you amortized certain rehabilitation expenditures for sec. 1250 property over a 5-year period, enter on line (a)(1) the amount by which this amortization exceeds straight-line depreciation over the improvements' normal useful life.

(b) Accelerated depreciation on personal property subject to a net lease.— Enter the excess of depreciation allowable over the depreciation that would have been allowable if the straight-line method had been used. This excess must be computed on a property by property basis.

(c) Amortization of certified pollution control facilities,

(d) Amortization of railroad rolling stock,

(e) Amortization of on-the-job training facilities, *and*

(f) Amortization of child care facilities. For items (c), (d), (e) and (f) with respect to each certified pollution control facility, unit of railroad rolling stock, on-the-job training facility, and child care facility, enter the amount by which the amortization allowable exceeds the depreciation deduction otherwise allowable.

(g) Stock options.—If you received stock subject to qualified or restricted stock options, enter the amount by which the fair market value of the shares at the time of exercise exceeds the option price.

(h) Reserves for losses on bad debts of financial institutions.—Enter your share of the excess of the addition to reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if the bad debt reserve had been maintained for all taxable years on the basis of actual experience. See sec. 57(a)(7).

(i) Depletion.—Determine any excess of deduction for depletion allowable under sec. 611 over the adjusted basis of the property at the end of the year (determined without regard to depletion deduction for the taxable year). Enter that amount here. You must compute this excess on a property by property basis.

(j) Capital gains.—Enter one-half of the amount by which the net long-term capital gain exceeds the net short-term capital loss for the taxable year. (Amount from Schedule D (Form 1040), line 15(a). However, if you report capital gain distributions on Form 1040, line 29b, enter amount included on line 29b here.)

Limitations on Amounts Treated as Tax Preference Items in Certain Cases.—See proposed Income Tax Regulations sec. 1.57–4 for limitations on amounts treated as tax preference items in certain cases. If limitations apply, attach schedule showing computation.

Partners, Beneficiaries of Estates and Trusts, etc.—You, as a partner, must take into account separately your distributive share of items of income and deductions which enter into the computation of tax preference items. If you are a partner and have elected the optional adjustment to basis (see sec. 743), adjust the applicable tax preference items to reflect the election.

If you are a:

- beneficiary of an estate or trust, see sec. 58(c);
- shareholder of an electing small business corporation, see sec. 58(d);
- participant in a common trust fund, see sec. 58(e);
- shareholder or holder of beneficial interest in a regulated investment company or a real estate investment trust, see sec. 58(f).

If you have tax preferences attributable to foreign sources, see sec. 58(g).

Line 3—Adjustment in Exclusion for Computing Minimum Tax for Tax Preferences for Short Period Returns.—If this return is for a short period, a special formula is used for determining the adjustment in exclusion for computing the minimum tax for tax preference. See sec. 443(d).

However, if you are married filing separately, substitute $15,000 for the $30,000.

Note: *If line 2 is more than either the adjusted exclusion or $30,000 ($15,000 if married filing separately) file this form even though you owe no minimum tax.*

Line 10—Tax Carryover from Prior Year(s).—If the tax less credits for a taxable year exceeds the sum of the items of tax preference in excess of $30,000 ($15,000 if married filing separately), the excess may be carried forward for 7 years to reduce the amount subject to minimum tax. See sec. 56(c).

If this carryover is from more than one prior year, use the carryover from the earliest year first. Attach a statement showing computation of the carryover.

Line 14—1975 Net Operating Loss Carryover to 1976.—Under certain conditions, part or all of the amount shown on line 13 may be deferred to a subsequent year. See sec. 56(b).

Line 18—Minimum Tax Deferred from Prior Year(s).—If a net operating loss carryover from 1974 reduces taxable income for 1975, and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in 1974, all or part of the deferred minimum tax may be includable on line 18 as tax liability for 1975.

The deferred minimum tax is to be included on line 18 to the extent the portion of the net operating loss carryover attributable to the deferred minimum tax reduces taxable income for 1975. For purposes of computing the amount attributable, the portion of the net operating loss carried over that is not attributable to the deferred minimum tax has priority and is applied in reducing the 1975 taxable income before the portion of the carryover that is attributable to the deferred minimum tax. See sec. 56(b).

Line 20—Excess Credits.—If Form 1040, line 18 is zero you may be able to claim the unused portion of these credits against your minimum tax. The credits are applied in the order listed on Form 4625, first to the tax on Form 1040, line 16(a), and next to the minimum tax on Form 4625, line 19. For example, if the amount on Form 1040, line 18 is zero after applying the personal exemption credit and a portion of retirement income credit, the balance of retirement income credit and any credits for political contributions and the purchase of a new principal residence can be applied to the extent of the minimum tax on Form 4625, line 19. Enter on lines 20(a), (b), (c), and (d) only that portion of the credits that are used to reduce the minimum tax. **Do not** reduce the minimum tax below zero. See sections 37, 41, 42, and 44.

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