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

Computation of Minimum Tax—Individuals

▶ See instructions on back.
▶ Attach to Form 1040.

1979
25

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

File this form if the total of tax preference items (line 2) is more than $10,000 ($5,000 if you are married filing separately) even though you owe no minimum tax, **OR** if you have any minimum tax liability deferred from an earlier tax year until this year. If this is a short-period return, see instructions for line 8.

1 Tax preference items:

(Note: Adjusted itemized deductions and capital gains are now tax preference items for the alternative minimum tax. See Form 6251.)

(a) Accelerated depreciation on real property—

(1) Low-income rental housing under section 167(k) or amortization of certified historic structures under section 191 . . . . . **1a(1)**

(2) Other real property . . . . . **1a(2)**

(b) Accelerated depreciation on personal property subject to a lease **1b**

Instructions

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

Who Must File.—You must file this form if either of the following applies to you:

(a) You have tax preference items of more than $10,000 ($5,000 if you are married and filing separately) even if you owe no minimum tax;

(b) You have any minimum tax liability postponed from an earlier tax year until this year. If this is a short-period return, see the note in the instruction for line 8.

Line 1. Tax preference items.—

(a) Accelerated depreciation on real property.—

(1) Low income rental housing under section 167 (k) or amortization of certified historic structures under section 191;

(2) Other real property.

On the appropriate line(s), enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if you had used the straight-line method, from the depreciation actually allowable. Figure this amount separately for each property.

Note: *If you amortized certain rehabilitation expenditures for certified historic structures or other section 1250 property over a 5 year period, enter on line 1(a)(1) the amount you get by subtracting the straight-line depreciation over the normal useful life of the improvement, from the amount of this amortization.*

(b) Accelerated depreciation on personal property subject to a lease.—Enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if you had used the straight-line method, from the depreciation actually allowable. Figure this amount separately for each property.

(c) through (f). Amortization of (c) certified pollution control facilities, (d) railroad rolling stock, (e) on-the-job training facilities, and (f) child care facilities.—In items (c), (d), (e), and (f), enter the amount by which the amortization allowable for the year is more than the depreciation deduction otherwise allowable.

If you use the Class Life Asset Depreciation Range (CLADR) System, note the following:

- The asset guideline period provided is considered the same as straight-line useful life for lines 1(a) and 1(b).
- Any variance in useful life allowable under section 167(m)(1) is also considered the same as straight-line useful life for purposes of figuring tax preference item (a) but not (b).
- For lines 1(c) through 1(f), the asset guideline period provided (including any variance in useful life) is considered the useful life of the property in figuring the depreciation deduction otherwise allowable.

(g) Reserves for losses on bad debts of financial institutions.—Enter your share of the excess of the addition to the reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if you had maintained the bad debt reserve for all tax years based on actual experience. See section 57(a)(7) and regulation section 1.57–1(g).

(h) Stock options.—If you received stock by the exercise of a qualified stock option (as defined in section 422(b)) or a restricted stock option (as defined in section 424(b)), enter the amount by which the fair market value of the shares at the time of exercise was more than the option price.

(i) Depletion.—Enter the amount you get (never less than zero) in the following way: From the deduction for depletion allowable under section 611, subtract the adjusted basis of the property at the end of the year. Include percentage depletion for geothermal deposits. Figure the adjusted basis without regard to the depletion deduction for the tax year, and figure the excess separately for each property.

(j) Intangible drilling costs.—Excess intangible drilling costs are a tax preference item only to the extent that they are more than your net income from oil, gas, and geothermal properties.

Figure excess intangible drilling costs in the following way: From the allowable intangible drilling and development costs (other than costs in drilling a nonproductive well), subtract the amount that would have been allowable if these costs had been capitalized and then (unless you make an election under section 57(d)(2)) amortized over a 120-month period beginning with the month production first began.

The net income from oil, gas, and geothermal properties is the gross income from these properties minus the deductions allocable to them, except for excess intangible drilling costs and nonproductive well costs.

Figure this tax preference item separately for oil and gas properties which are not geothermal deposits and for all properties which are geothermal deposits.

Limitations on Amounts Treated as Tax Preference Items in Certain Cases.—See section 58(h) for limitations where the tax preference item did not result in a tax benefit. If limitations apply, attach a schedule showing computation.

Partners, Beneficiaries of Estates and Trusts, etc.—If you are a partner, you must take into account separately your distributive share of items of income and deductions when figuring tax preference items. If you are a partner and have elected the optional adjustment to basis (see section 743), adjust the tax preference items that apply to reflect the election.

If you are a:

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

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

Line 8. Adjustment in exclusion.—If this is a short-period return, use the formula in section 443(d) to determine the adjustment in exclusion for figuring the minimum tax on tax preference items.

Note: *If line 2 is more than either the adjusted exclusion or $10,000 ($5,000 if you are married and filing separately), file this form even though you owe no minimum tax.*

Line 11. 1979 net operating loss carryover to 1980.—Under some conditions, you may defer part or all of the amount on line 10 to a later year. See section 56(b).

Line 15. Minimum tax deferred from earlier year(s).—If a net operating loss carryover from an earlier year(s) reduces taxable income for 1979, and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in that earlier year(s), all or part of the deferred minimum tax may be includible on line 15 as tax liability for 1979. Figure the deferred minimum tax at the rate in effect for the year of the loss (15% for 1976, 1977 and 1978; 10% for 1975 and earlier years). See section 56(b).

Line 17. Excess tax credits.—If Form 1040, line 47, is zero, you may be able to claim any unused part of certain credits against your minimum tax. Apply the credits in the order listed on this form. Apply them first to the tax on Form 1040, line 37, and then to the minimum tax on Form 4625, line 16. For example, if the amount on Form 1040, line 47, is zero after applying the credit for the elderly and a part of the credit for political contributions, apply the balance of the credit for political contributions, credit for child care expenses, and residential energy credits to the extent of the minimum tax on Form 4625, line 16. On lines 17(a) through 17(d), enter only that part of the credit or credits used to reduce the minimum tax. Do not reduce the minimum tax below zero.

For more information about minimum tax, see **Publication 525,** Taxable and Nontaxable Income.

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