

Office of Chief Counsel
Internal Revenue Service
Memorandum

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subject: Minimum Tax Credit
UILC: 53.00-00

This advice may not be used or cited as precedent.

This memorandum opines on

Balanced Budget and Emergency Deficit Control Act of 1985, as amended, as the reason for the reduction. See P.L. 99-177 (1985); Budget Control Act of 2011, 112 P.L. 25, 125 Stat. 240 (2011)(the Acts).

Section 55 of the Internal Revenue Code (I.R.C.) imposes an alternative minimum tax (AMT) on corporations based on alternative minimum taxable income, which is taxable income computed with certain adjustments and preference items added back. See I.R.C. §§ 55, 56 and 57. For any taxable year, section 53(a) allows a credit against Federal income tax equal to the excess, if any, of the adjusted net AMT imposed for all prior taxable years beginning after 1986, over MTC allowable under section 53(a) for such prior taxable years. I.R.C. § 53 (a) and (b). A corporation that can claim an additional first-year depreciation deduction under section 168(k) can elect instead to

accelerate the use of MTC, treating the accelerated credits as refundable credits. I.R.C. § 168(k)(4)(A)(iii).

The Acts did not amend section 53. Further, nothing in section 53 provides for a reduction of the allowable MTC by the Sequestration amount, or otherwise amends the MTC calculation to account for Sequestration. The amount of MTC allowable in has not changed.

If you have any questions regarding this advice, please contact Barbara Ferraro at 470-639-2192.

Sincerely,

Barbara D. Ferraro
Senior Attorney
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