

Revised in Accordance with Revenue Act of 1978
**Fiscal Year Tax Computation Schedule
for Homeowners Associations**

(To be used only by homeowners associations hav-
ing a taxable year ending after December 31, 1978)

▶ Attach to your tax return.

**FY
1978-79**

Name _____ Employer identification number _____

Address (Number and street) _____

City or town, State, and ZIP code _____

Part I Computation of Regular Tax

Computation at Tax Rates Applicable Before 1/1/79

1	Taxable income (Form 1120-H, line 19, page 1)	_____
2	46% of the first \$25,000 of taxable income on line 1	_____
3	48% of taxable income on line 1 in excess of \$25,000	_____
4	Total of lines 2 and 3. If applicable, enter here and on line 1, Part III	_____

Computation at Tax Rates Applicable After 12/31/78

5	46% of line 1. If applicable, enter here and on line 3, Part III	_____
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Part II Computation of Alternative Tax

Computation at Tax Rates Applicable Before 1/1/79

1	Taxable income (from Form 1120-H, line 19, page 1)	_____
2	(a) Excess of net long-term capital gain over net short-term capital loss (Form 1120-H, Schedule D, line 8)	_____
	(b) Enter that portion of line 2(a) which relates to sales and exchanges after December 31, 1978 (but not more than the amount entered on line 2(a))	_____
	(c) Subtract line 2(b) from line 2(a)	_____
3	Subtract line 2(a) from line 1	_____
4	46% of the first \$25,000 of taxable income on line 3	_____
5	48% of taxable income on line 3 in excess of \$25,000	_____
6	28% of line 2(b)	_____
7	30% of line 2(c)	_____
8	Alternative tax—total of lines 4 through 7. If this amount is less than the regular tax on line 4, Part I, enter here and on line 1, Part III	_____

Computation at Tax Rates Applicable After 12/31/78

9	46% of line 3, Part II	_____
10	28% of line 2(b), Part II	_____
11	30% of line 2(c), Part II	_____
12	Alternative tax—total of lines 9 through 11. If this amount is less than the regular tax on line 5, Part I, enter here and on line 3, Part III	_____

Part III Proration of Tentative Taxes

1	Tentative tax (regular tax from line 4, Part I or alternative tax from line 8, Part II, whichever is less)	_____
2	Portion of tentative tax before 1/1/79—see instructions for computation	_____
3	Tentative tax (regular tax from line 5, Part I or alternative tax from line 12, Part II, whichever is less)	_____
4	Portion of tentative tax after 12/31/78—see instructions for computation	_____
5	Income tax—add lines 2 and 4	_____
6	(a) Work incentive (WIN) credit (attach Form 4874)	_____
	(b) Foreign tax credit (attach Form 1118)	_____
7	Total of lines 6(a) and (b)	_____
8	Subtract line 7 from line 5	_____
9	Tax from recomputing a prior year WIN credit (attach computation)	_____

10 Total tax (add lines 8 and 9). Enter here and on Form 1120-H, line 20, page 1 _____

General Instructions

(References are to the Internal Revenue Code)

Purpose of Form (to be Used Only by Homeowners Associations with Taxable Years Ending After December 31, 1978).—The Revenue Act of 1978 decreased the tax rates from 46% of the first \$25,000 of taxable income plus 48% of taxable income in excess of \$25,000 to 46% of taxable income. This change is effective for taxable years beginning after December 31, 1978.

The Revenue Act of 1978 also reduced the alternative capital gains tax from 30% to 28% effective for sales occurring and installment payments received after 1978.

Since the decrease in the tax rate constitutes a change in the tax rate to which the proration rules of section 21 apply, homeowners associations with taxable years ending after December 31, 1978 must prorate their tax to reflect these changes. Thus, these homeowners associations will compute their tax for the year by prorating a tax for the period before January 1, 1979 and for the period after December 31, 1978, using the tax rate in effect for each period. Form 1120-H—FY 1978-79 provides for the computation.

Computation of Tax.—In computing the tax, the association computes a regular tax (Part I) and an alternative tax (Part II) for each period and takes the lower tax for each period. The sum of the prorated tax for each period is the total on line 5, Part III.

If the alternative tax applies, complete the applicable parts of Schedule D, Form 1120-H and then complete Computation of Alternative Tax, Form 1120-H—FY, Part II.

Specific Instructions

Part III

Line 2, Portion of Tentative Tax.—Multiply line 1 by:

(a) $\frac{\text{number of days in taxable year before 1/1/79}}{\text{number of days in taxable year}}$

OR

(b) applicable decimal from table below (column (A)).

Taxpayers with a 52-53 week taxable year must use (a) above.

Line 4, Portion of Tentative Tax.—Multiply line 3 by:

(a) $\frac{\text{number of days in taxable year after 12/31/78}}{\text{number of days in taxable year}}$

OR

(b) applicable decimal from table below (column (B)).

Taxpayers with a 52-53 week taxable year must use (a) above.

Table

Fiscal year	(A) Before 1979 Line 1 × applicable fraction or decimal listed below and enter result on line 2	(B) After 1978 Line 3 × applicable fraction or decimal listed below and enter result on line 4
2/1/78-1/31/79	334/365 or .915068	31/365 or .084932
3/1/78-2/28/79	306/365 or .838356	59/365 or .161644
4/1/78-3/31/79	275/365 or .753425	90/365 or .246575
5/1/78-4/30/79	245/365 or .671233	120/365 or .328767
6/1/78-5/31/79	214/365 or .586301	151/365 or .413699
7/1/78-6/30/79	184/365 or .504110	181/365 or .495890
8/1/78-7/31/79	153/365 or .419178	212/365 or .580822
9/1/78-8/31/79	122/365 or .334247	243/365 or .665753
10/1/78-9/30/79	92/365 or .252055	273/365 or .747945
11/1/78-10/31/79	61/365 or .167123	304/365 or .832877
12/1/78-11/30/79	31/365 or .084932	334/365 or .915068

Supplemental Instructions for Fiscal Year 1978-79 Homeowners Associations.

WIN credit.—Certain changes were made concerning the WIN credit for taxable years ending after 1978. For details, see Form 4874-FY.