

Computation of Minimum Tax

(Attach to Form 1040 for 1969)

Fiscal Year
1969-70

Name as shown on Form 1040	Social Security Number
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If short period return, see instructions for line 3.

1 Tax Preferences. Complete and file this form if line 2 is more than \$30,000 (\$15,000, if married filing separately or "certain married individuals living apart").

(a) Excess investment interest

(b) Accelerated depreciation on real property

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

(d) Amortization of certified pollution control facilities

(e) Amortization of railroad rolling stock

(f) Stock options

(g) Reserves for losses on bad debts of financial institutions

(h) Depletion

(i) Capital gains

2 Total tax preferences (add lines 1(a) through 1(i)).

3 Exclusion. Enter \$30,000. If married filing separately or "certain married individuals living apart," enter \$15,000

4 Subtract line 3 from line 2

5 Amount from line 18, Form 1040

6 Self-employment tax, if any, from line 16, Schedule T

7 Subtract line 6 from line 5

8 Subtract line 7 from line 4

9 Multiply amount on line 8 by the applicable rate from table below for your fiscal year. (Or, if you prefer, use formula in instructions for line 9 to figure rate.)

10 Enter amount of 1969-70 fiscal year net operating loss which is a carry-over to 1970-71 fiscal year, if any

11 Multiply amount on line 10 by the same rate used in line 9

12 **Minimum Tax.** Subtract line 11 from line 9 (if less than zero, enter zero—do not complete rest of form)

If you had no retirement income (see Schedule R, lines 1(a) and 1(b)), omit lines 13 through 16. Enter amount from line 12 above on line 17 below.

13 Amount from Schedule R, line 8

14 Amount from Schedule R, line 17

15 Subtract line 14 from line 13

16 Enter amount from line 15 or line 12, whichever is smaller

17 Subtract line 16 from line 12. Add this amount to your "Balance Due" (Form 1040, line 24), or subtract from your "Overpayment" (Form 1040, line 25). On bottom margin of Form 1040, write the amount and "Form 4625."

Fiscal Year Ending On:	Rate (for lines 9 and 11)	Fiscal Year Ending On:	Rate (for lines 9 and 11)
January 31, 1970	.0085	July 31, 1970	.0581
February 28, 1970	.0162	August 31, 1970	.0666
March 31, 1970	.0247	September 30, 1970	.0748
April 30, 1970	.0329	October 31, 1970	.0833
May 31, 1970	.0414	November 30, 1970	.0915
June 30, 1970	.0496		

Instructions

WHO MUST FILE.—Individuals with items of tax preference in excess of \$30,000 (\$15,000 if married filing separately or "certain married individuals living apart") must file this form. If short period return, see note in instructions for line 3.

Line 1—ITEMS OF TAX PREFERENCE

(a) Excess investment interest

Subtract net investment income from investment interest expense and enter balance.

Investment interest expense means interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. However, interest paid or accrued on indebtedness incurred or continued in the construction of property to be used in a trade or business is not to be treated as an investment interest expense.

Property subject to a net lease entered into after October 9, 1969 is property held for investment. Property is considered subject to a net lease if

- (1) the sum of the deductions allowable solely by reason of sec. 162 is less than 15 percent of the rental income produced by the property, or
- (2) the lessor is either guaranteed a specified return or is guaranteed in whole or in part against loss of income.

Net investment income means the excess of investment income over investment expenses.

Investment income consists of the gross income from interest, dividends, rents, and royalties, net short-term capital gain from investment property, and sec. 1245 and sec. 1250 gain if such income, gains, and profits are not derived from the conduct of a trade or business.

Investment expense consists of real property taxes (State and local, foreign), personal property taxes (State and local), bad debts, depreciation (actual deduction unless straight-line method chosen), amortizable bond premium, expenses for production of income, and depletion (actual deduction unless cost depletion chosen) directly connected with the production of investment income.

(b) Accelerated depreciation on real property, and

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

For items (b) and (c) 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.

Note: If you amortized certain rehabilitation expenditures over a 5-year period, enter the amount by which this amortization exceeds straight-line depreciation over the normal useful life of the improvements.

(d) Amortization of certified pollution control facilities, and

(e) Amortization of railroad rolling stock

For items (d) and (e) with respect to each certified pollution control facility and each unit of railroad rolling stock, enter the amount by which the amortization allowable exceeds the depreciation deduction otherwise allowable.

(f) Stock options

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

(g) 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).

(h) 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. This excess must be computed on a property by property basis.

(i) 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.

Partners, beneficiaries of estates and trusts, etc.

Each partner must take into account separately his distributive share of items of income and deductions which enter into the computation of items of tax preferences.

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 for taxable years ending after 12/31/69

If this return is for a short period, enter your adjusted exclusion on line 3 computed by using this formula:

$$\$30,000 \times \frac{\text{number of days in taxable year}}{365}$$

However, if you are married filing separately or "certain married individuals living apart," substitute \$15,000 for the \$30,000.

Note: If line 2 is more than the adjusted exclusion, you must file this form.

Line 9—Formula for Computing Minimum Tax Rate

Individuals may use this formula to figure their minimum tax rate. However, individuals filing a return for a 52–53 week taxable year or for a short period, must figure their rate using this formula:

$$10\% \times \frac{\text{number of days in taxable year after 12/31/69}}{\text{number of days in taxable year}}$$

Line 10—1969–70 Fiscal Year Net Operating Loss Carry-over to 1970–71 Fiscal Year

Under certain conditions, part or all of the amount shown on line 9 may be deferred to a subsequent year. See sec. 56(b).