

# Computation of Minimum Tax

▶ Attach to Form 1040

# 1973

Name(s) as shown on Form 1040	Your social security number
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**1 Items of Tax Preference.** File this form if the total items of tax preference (line 2) is more than \$15,000 even though there is no minimum tax due. If short period return, see instructions for line 3. **Caution:** See "Limitations on amounts treated as items of tax preference 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 items of tax preference (add lines 1(a) through 1(j)) . . . . .**

**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 Form 1040, line 18\* . . . . .**

**6 Amount from Form 1040, line 56 . . . . .**

**7 Amount from Form 1040, line 57 . . . . .**

**8 Tax carryover from prior year(s) . . . . .**

**9 Add lines 5, 6, 7, and 8 . . . . .**

**10 Subtract line 9 from line 4 . . . . .**

**11 Multiply amount on line 10 by .10 and enter result . . . . .**

**12 Enter amount of 1973 net operating loss which is a carryover to 1974, if any (attach statement showing computation) . . . . .**

**13 Multiply amount on line 12 by .10 and enter result . . . . .**

**14 Deferred minimum tax—enter amount from line 11 or line 13, whichever is smaller . . . . .**

**15 Minimum Tax. Subtract line 14 from line 11 . . . . .**

**16 Enter minimum tax deferred from prior year(s) until this year (attach statement showing computation) . . . . .**

**17 Total minimum tax. Add lines 15 and 16 . . . . .**

If you had no retirement income (see Schedule R, lines 5(a) and 5(b)), omit lines 18 through 21. Enter amount from line 17 above on line 22 below.

**18 Amount from Schedule R, line 8 . . . . .**

**19 Amount from Schedule R, line 10 or from line 13, whichever is applicable . . . . .**

**20 Subtract line 19 from line 18 . . . . .**

**21 Enter amount from line 20 or line 17, whichever is smaller . . . . .**

**22 Subtract line 21 from line 17. See instructions for line 22 if you elected to take a credit for contributions to a candidate for public office. Enter here and on Form 1040, line 58 . . . . .**

# Instructions

(References are to the Internal Revenue Code)

**Who Must File.**—Individuals with items of tax preference in excess of \$15,000 must file this form even though there is no minimum tax due. If short period return, see note in instructions for line 3.

## Line 1—Items of Tax Preference.—

### (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. This excess must be computed 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 normal useful life of the improvements.

**(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 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 reason-

able 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. This excess must be computed 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, line 15(a). However, if capital gain distributions are reported on Form 1040, line 34, enter amount included on line 34 here.)

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

**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 partner and have elected the optional adjustment to basis (see sec. 743), adjust the applicable items of tax preference 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 or "certain married individuals living apart," substitute \$15,000 for the \$30,000.

**Note:** If line 2 is more than either the adjusted exclusion or \$15,000, file this form even though there is no minimum tax due.

**Line 8—Tax Carryover from Prior Year(s).**—If you did not file a Form 4625 for 1970, 1971, or 1972, or if you did file and the total amount shown on line 8 Form 4625 for 1972 was more than the amount shown on line 4, you may be entitled to a tax carryover. See sec. 56(c) and proposed I.T. Regs. sec. 1.56-5.

**Line 12—1973 Net Operating Loss Carryover to 1974.**—Under certain conditions, part or all of the amount shown on line 11 may be deferred to a subsequent year. See sec. 56(b).

**Line 16—Minimum Tax deferred from Prior Year(s).**—Enter amount of minimum tax deferred from prior years, if any (10 percent of the amount by which the net operating loss carryforward from a taxable year ending after December 31, 1969 reduced taxable income this year). See section 56(b). In computing the amount of minimum tax deferred from fiscal year 1969-70 which is imposed in a subsequent taxable year, the same proration rule applies to the subsequent computation that applied to the computation of the initial minimum tax liability in fiscal year 1969-70. See sec. 301(c) of Public Law 91-172 (Tax Reform Act of 1969).

**Line 22.**—If you elected to take a credit for political contributions (see section 41) and the entire allowable credit is not included in line 17 (Form 1040), (for example, the allowable credit exceeded the tax on line 16 (Form 1040) less the amounts on lines 49, 50, and 51 (Form 1040)); reduce the minimum tax on line 22, Form 4625 (BUT NOT BELOW ZERO) by the amount of the difference between such allowable political contributions credit and the amount of the credit, if any, included in line 17 (Form 1040). Enter the balance of minimum tax on line 58, Form 1040. Also, enter the amount of such credit that reduced the minimum tax on line 22, Form 4625 in the margin below line 22, Form 4625 and identify it as such.