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

Computation of Minimum Tax

► Attach to Form 1040

1974

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

1 **Tax Preference Items.** File this form if the total tax preference items (line 2) is more than $30,000 ($15,000 if married filing separately) even though you owe no minimum tax. If this is a short period return, see instructions for line 3. **Caution:** See "Limitations on amounts treated as tax preference items 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 tax preference items (add lines 1(a) through 1(j)) . . . . . .

3 Exclusion. Enter $30,000. If married filing separately, enter $15,000

*Do not include any tax imposed under sec. 402(e) (lump-sum distributions), or any partial tax under sec. 668 (accumulation distribution by trusts), see special rule—proposed I.T. Regs. sec. 1.56-1(c).

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Instructions

(References are to the Internal Revenue Code)

Who Must File.—If you have tax preference items in excess of $30,000 ($15,000 if married filing separately) you must file this form even though you owe no minimum tax. If this is a short period return, see the note in instructions for line 3.

Line 1—Tax Preference Items.—

(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. You must compute this excess 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 improvements' normal useful life.

(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 the 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 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).

(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. You must compute this excess 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 (Form 1040), line 15(a). However, if you report capital gain distributions on Form 1040, line 34, enter amount included on line 34 here.)

Limitations on Amounts Treated as Tax Preference Items in Certain Cases.—See proposed Income Tax Regulations sec. 1.57–4 for limitations on amounts treated as tax preference items 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 tax preferences items. If you are a partner and have elected the optional adjustment to basis (see sec. 743), adjust the applicable tax preference items 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, substitute $15,000 for the $30,000.

Note: *If line 2 is more than either the adjusted exclusion or $30,000 ($15,000 if married filing separately) file this form even though you owe no minimum tax.*

Line 8—Tax Carryover from Prior Year(s).—If you did not file a Form 4625 for 1970, 1971, 1972, or 1973, or if you did file and the total amount shown on Form 4625, line 9, for 1973 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—1974 Net Operating Loss Carryover to 1975.—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 any minimum tax deferred from prior years (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 claim a credit for political contributions (see section 41) and the entire allowable credit is not included on Form 1040, line 17, (for example, the allowable credit exceeded the tax on Form 1040, line 16, less the amounts on Form 1040, lines 49, 50, and 51); reduce the minimum tax on Form 4625, line 22, (BUT NOT BELOW ZERO) by the difference between the allowable political contributions credit and the amount of any credit included on Form 1040, line 17. Enter the minimum tax balance on Form 1040, line 58. Also, enter the amount of the credit that reduced the minimum tax on Form 4625, line 22, in the margin on Form 4625, below line 22, and identify it as such.

U.S. GOVERNMENT PRINTING OFFICE: 1974— 548-147

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