

Alternative Minimum Tax Computation

▶ Attach to Forms 1040, 1040NR, 1041 or 990-T (Trust).

Name(s) as shown on tax return		Identifying number	
1	Adjusted gross income (see instructions)	1	
2	Deductions (Individuals, attach Schedule A (Form 1040))(see instructions):		
a	(1) Medical and dental expense from Schedule A, line 5	2a(1)	
	(2) Multiply Form 1040, line 33, by 5% (.05)	2a(2)	
	(3) Subtract line 2a(2) from line 2a(1). (If zero or less, enter zero.)	2a(3)	
b	Contributions from Schedule A, line 18, OR Form 1040, line 34d	2b	
c	Casualty and theft losses from Schedule A, line 19	2c	
d	Qualified interest on property used as a residence (see instructions)	2d	
e	(1) Interest, other than line 2d above, from Schedule A, line 14	2e(1)	
	(2) Net investment income (If zero or less, enter zero)	2e(2)	
	(3) Enter the smaller of line 2e(1) or line 2e(2)	2e(3)	
f	Gambling losses to the extent of gambling winnings from Schedule A, line 22	2f	
g	Estate tax allowable under section 691(c) from Schedule A	2g	
h	Estates and trusts only: Charitable deduction and income distribution deduction	2h	
i	Add lines 2a(3), b, c, d, e(3), f, g, and h	2i	
3	Subtract line 2i from line 1	3	
4	Tax preference items:		
a	Dividend exclusion	4a	
b	60% capital gain deduction	4b	
c	Accelerated depreciation on nonrecovery real property or 15-, 18-, or 19-year real property	4c	
d	Accelerated depreciation on leased personal property or leased recovery property other than 15-, 18-, or 19-year real property.	4d	
e	Amortization of certified pollution control facilities	4e	
f	Mining exploration and development costs	4f	
g	Circulation and research and experimental expenditures	4g	
h	Reserves for losses on bad debts of financial institutions	4h	
i	Depletion	4i	
j	Incentive stock options	4j	
k	Intangible drilling costs	4k	
l	Add lines 4a through 4k.	4l	
5	Alternative minimum taxable income (add lines 3 and 4(l)) (short period returns, see instructions)	5	
6	Enter: \$40,000, if married filing joint return or Qualifying widow(er). \$30,000, if single or head of household \$20,000, if married filing separate return or estate or trust	6	
7	Subtract line 6 from line 5. If zero or less, do not complete the rest of this form.	7	
8	Enter 20% of line 7	8	
9	Amount from Form 1040, line 49, or Form 1040NR, line 49. (Do not include Form 1040, line 39, or Form 1040NR, line 40.) (Estates and trusts, see instructions.)	9	
10	Subtract line 9 from line 8. If zero or less, enter zero	10	
11	Foreign tax credit	11	
12	ALTERNATIVE minimum tax (subtract line 11 from line 10). Enter on your tax return, on the line identified as alternative minimum tax	12	

Instructions

(Section references are to the Internal Revenue Code)

Paperwork Reduction Act Notice.— We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Who Must File.—File this form if: (a) You are liable for the alternative minimum tax; or (b) you have one or more tax preference items on lines 4c through 4k; or (c) your adjusted gross income is more than line 6 and you have an amount on line 2e(3), and line 2e(2) includes income other than interest and dividend income.

Individuals, estates or trusts may be liable if their adjusted gross income plus tax preference items listed on line 4 total more than line 6.

For more information, see **Publication 909**, Alternative Minimum Tax.

Minimum Tax Deferred From Earlier Year(s).—If a net operating loss carryover from an earlier year(s) reduces taxable income for 1986 and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in that earlier year(s), all or part of the deferred minimum tax may be includable as tax liability for 1986. Figure the deferred minimum tax in the worksheet in Publication 909 and enter it on Form 1040, line 51, or Form 1041, line 31. Write "Deferred Minimum Tax."

Partners, Beneficiaries, etc.—If you are a: (1) Partner or shareholder of an S corporation, take into account separately your distributive share of items of income and deductions that enter into the computation of tax preference items.

(2) Beneficiary of an estate or trust, see section 58(c) and the line 4(1) instructions.

(3) Participant in a common trust fund, see section 58(e).

(4) Shareholder or holder of beneficial interest in a regulated investment company or a real estate investment trust, see section 58(f).

Carryback and Carryover of Unused Credits.—It may be necessary to figure the carryback or carryover of certain unused credits. See section 55(c)(3).

Note: If you have an earned income credit, you must reduce that credit by any alternative minimum tax.

Line-by-Line Instructions

Line 1, Estates and Trusts.—Adjusted gross income is figured in the same way as for an

individual except that the costs of the administration of the estate or trust are allowed in figuring adjusted gross income.

All taxpayers.—Do not deduct any interest expense incurred to purchase or carry a limited business interest in a partnership or S corporation, in figuring adjusted gross income. Instead, include in line 2(e)(1).

Do not include in line 1 any alcohol fuel credit included in income.

Add to adjusted gross income any net operating loss deduction taken, and reduce the result by any alternative tax net operating loss deduction. See **Publication 909**, Alternative Minimum Tax, for details and attach a computation.

Lines 2(a) through 2(h).—Do not include on these lines any deduction that can be carried back or forward as a net operating loss or forward as a charitable contribution.

Individuals.—Complete and attach Schedule A (Form 1040) for any deduction listed on these lines, whether or not you completed it in figuring Form 1040, line 34. If you did not use Schedule A to figure Form 1040, line 34, write "Alt Min Tax" in the top margin of Schedule A.

Estates and Trusts.—Enter on the applicable line any deduction listed on these lines allowable to the estate or trust. Include on line 2h, any itemized deduction not allowable on lines 2a to 2g, and allocated to the beneficiaries of the estate or trust.

Line 2(d).—Enter on line 2(d) your qualified interest from Schedule A, line 11. Include allowable points from line 13. Enter the part of the interest that is from debts you incurred in acquiring, constructing, or substantially rehabilitating property, other than a houseboat, which you, or certain family members listed in section 267(c)(4), use as a residence.

If the interest expense is on debts incurred before July 1, 1982, the following applies. At the time you incurred the debt, it must have been secured by property which you, or certain family members listed in section 267(c)(4), used as a residence.

Line 2(e)(2).—Enter your investment income minus investment expenses.

Investment income is your gross income from interest, dividends, rents, and royalties, and any amount treated as ordinary income under sections 1245, 1250, and 1254. Do not include income from a trade or business. Include as investment income, your capital gain net income from the sale or exchange of property held for investment, and the amount to be entered on line 4(a). Add or subtract from investment income, any income or loss from a limited business interest.

Investment expenses are those expenses allowable against the production of investment income provided they are allowed in figuring adjusted gross income and not includible in line 4.

Line 4(b), 60% Capital gain deduction.—Individuals.—Enter your 60% capital gain deduction from your Schedule D (Form 1040), line 20, or Form 4798, line 9. If you had an entry on Form 1040, line 14, enter 60% of your capital gain distributions. Do not include the capital gain deduction attributable to a sale or exchange of a principal residence.

Certain insolvent farmers may reduce their capital gain tax preference item on a farm insolvency transaction. See **Publication 909** for more information. Indicate any reduction on the dotted portion of line 4(b), and write "Section 13208 Relief."

Estates and Trusts.—Enter the capital gain deduction taken into account on Forms 1041 or 990-T. However, an amount paid or permanently set aside for a charitable purpose is not a tax preference item.

Lines 4(c) and 4(d), Accelerated depreciation on real property; Accelerated depreciation on leased personal property or leased recovery property other than 15, 18, or 19-year real property.—If you use the Class Life Asset

Depreciation Range (CLADR) System, use the asset guideline period as the straight-line useful life to figure lines 4(c) and (d).

For (c) but not (d), use any variance in useful life under section 167(m)(1) as the straight-line useful life.

Line 4(c).—For property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if you had used the straight-line method, from the depreciation or amortization actually allowable. Figure this amount separately for each property.

For 15, 18, or 19-year real property, or low income housing, enter the amount by which the deduction allowed under section 168(a) (or section 167 for section 167(k) property) is more than the deduction which would have been allowable had the property been depreciated using a 15, 18, or 19-year period and the straight-line method without salvage value.

Line 4(d).—For leased property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if you had used the straight-line method, from the depreciation or amortization actually allowable. Figure this amount separately for each property.

For leased recovery property other than 15, 18, or 19-year real property, or low income housing, enter the amount by which your deduction under section 168(a) is more than the deduction allowable using the straight-line method with a half-year convention, no salvage value, and the following recovery period:

3 year property.....	5 years
5 year property.....	8 years
10 year property.....	15 years
15 year public utility property.....	22 years

Note: If the recovery period actually used is longer than the recovery period in 4(c) or 4(d), do not complete lines 4(c) or 4(d).

Line 4(e), Amortization of certified pollution control facilities.—Enter the amount by which the amortization allowable under section 169 is more than the depreciation deduction otherwise allowable.

Line 4(f), Mining exploration and development costs.—For each mine or other natural deposit (other than an oil or gas well), enter the amount by which the deductions allowable under section 616(a) or 617 are more than the amount that would have been allowable if you had amortized the expenses over a 10-year period.

Line 4(g), Circulation and research and experimental expenditures.—Enter the amount by which the deductions allowable for circulation and research and experimental expenditures under sections 173 or 174(a) are more than the amount that would have been allowable if you had amortized the circulation expenses over a 3-year period and the research and experimental expenditures over a 10-year period.

Line 4(h), Reserves for losses on bad debts of financial institutions.—Enter your share of the excess of the addition to the reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if you had maintained the bad debt reserve for all tax years based on actual experience.

Line 4(i), Depletion.—In the case of mines, wells, and other natural deposits, enter the amount by which the deduction for depletion under section 611 (including percentage depletion for geothermal deposits), is more than the adjusted basis of such property at the end of the tax year. Figure the adjusted basis without regard to the depletion deduction and figure the excess separately for each property.

Line 4(j), Incentive stock options.—If you received stock by the exercise of an incentive stock option, enter the amount by which the fair market value of the shares at the time of exercise was more than the option price. See sections 57(a)(10) and 422A

Line 4(k), Intangible drilling costs.—Intangible drilling costs are a tax preference item to the extent that the excess intangible drilling costs are more than your net income from oil, gas, and geothermal properties.

Figure excess intangible drilling costs as follows: from the allowable intangible drilling and development costs (except for costs in drilling a non-productive well), subtract the amount that would have been allowable if you had capitalized these costs and either amortized them over the 120 months that started when production began, or treated them according to any election you made under section 57(d)(2).

Your net income from oil, gas, and geothermal properties is your gross income from them, minus the deductions allocable to them, except for excess intangible drilling costs and nonproductive well costs.

Figure the line 4(k) amount separately for oil and gas properties which are not geothermal deposits and for all properties which are geothermal deposits.

Line 4(l), Special Tax Preference Item for Estate and Trust Beneficiaries. Some itemized deductions of the estate or trust (such as state and local taxes) are deducted by the estate or trust in figuring the income passed through to you, but are not allowed as itemized deductions on this form. These amounts must be treated as a tax preference item allocated to you. The estate or trust should separately show these amounts on the Schedule K-1 it sends you. Add any such amounts to the total of your other tax preference items on line 4(1). Also, on the dotted line to the left of the entry space for line 4(1), write "Section 58(c)" and indicate the amount.

Lines 5 and 8.—If this is a short period return, use the formula in section 443(d)(1) to determine the amount to enter on these lines.

Nonresident Alien Individuals.—If you disposed of U.S. real property interests at a gain, see Form 1040NR instructions for a special rule in figuring line 8.

Line 9, Estates and trusts.—Enter your tax after credits. Do not include any tax from Forms 4970, 4972 or 5544.

Line 11, Foreign Tax Credit.—If line 10 is more than zero, and you incurred foreign taxes and elect to take them as a credit, enter on line 11 the foreign tax credit allowed against the alternative minimum tax. Figure this credit as follows:

(1) Use and attach a separate Form 1116 for each type of income specified at the top of Form 1116.

(2) Print across the top of each Form 1116 used: "ALT MIN TAX."

(3) **Part I.**—Fill in a new Part I using that portion of your income, deductions and tax preference items from Form 6251, attributable to sources outside the U.S.

(4) **Part III.**—Complete only the following lines:

- (a) Insert on line 5 the result of the following:
- the amount from Part III, line 5 of the Form 1116 used to figure the credit allowed against your regular tax, minus
 - the amount from Part III, line 15 of that Form 1116, plus
 - the smaller of (A) the amount from Part III, line 15 of that Form 1116, or (B) Form 6251, line 10 (or if more than one Form 1116 is being used, an allocable portion of Form 6251, line 10).

(b) Complete lines 6 through 8, using the result of step 3 for line 6.

(c) Line 11.—Enter Form 6251, line 5.

(d) Complete line 12 as indicated in Part III.

(e) Line 13.—Enter Form 6251, line 8.

(f) Complete lines 14 and 15 as indicated in Part III.

(5) **Part IV.**—Enter on line 11, Form 6251, the amount from line 7, Part IV of this Form 1116 (but not more than the amount on Form 6251, line 10).