Form **8609-A**
(Rev. January 2006)
Department of the Treasury
Internal Revenue Service

Annual Statement for Low-Income Housing Credit

▶ **File with owner's federal income tax return.**

OMB No. 1545-0988

Attachment Sequence No. **36**

Name(s) shown on return | **Identifying number**

Part I Compliance Information

		Yes	No
A	Building identification number (BIN) ▶		
B	This Form 8609-A is for (check the box) ▶ a newly constructed or existing building ☐ section 42(e) rehabilitation expenditures ☐		
C	Do you have in your records the original Form 8609 (or a copy thereof) signed and issued by the housing credit agency for the building in **A**? . . . . . If "No," see the instructions and stop here—do not go to Part II.		
D	Did the building in **A** qualify as a part of a qualified low-income housing project and meet the requirements of section 42 as of the end of the tax year for which this form is being filed? . . . . . If "No," see the instructions and stop here—do not go to Part II.		
E	Was there a decrease in the qualified basis of the building in **A** for the tax year for which this form is being filed? . . . . . If "Yes," see the instructions. If "No," and the entire credit has been claimed in prior tax years, stop here—do not go to Part II.		

Part II Computation of Credit

1	Eligible basis of building	**1**		
2	Low-income portion (smaller of unit fraction or floor space fraction) (if first year of the credit period, see instructions)	**2**	.	
3	Qualified basis of low-income building. Multiply line 1 by line 2 (see instructions for exceptions)	**3**		
4	Part-year adjustment for disposition or acquisition during the tax year	**4**		
5	Credit percentage	**5**	.	
6	Multiply line 3 or line 4 by the percentage on line 5	**6**		
7	Additions to qualified basis, if any	**7**		
8	Part-year adjustment for disposition or acquisition during the tax year	**8**		
9	Credit percentage. Enter one-third of the percentage on line 5	**9**	.	
10	Multiply line 7 or line 8 by the percentage on line 9	**10**		
11	Section 42(f)(3)(B) modification	**11**		
12	Add lines 10 and 11	**12**		
13	Credit for building before line 14 reduction. Subtract line 12 from line 6	**13**		
14	Disallowed credit due to federal grants (see instructions).	**14**		
15	Credit allowed for building for tax year. Subtract line 14 from line 13, but do not enter more than the amount shown on Form 8609, Part I, line 1b	**15**		
16	Taxpayer's proportionate share of credit for the year (see instructions)	**16**		
17	Adjustments for deferred first-year credit (see instructions)	**17**		
18	Taxpayer's credit. Combine lines 16 and 17. Enter here and in Part I of Form 8586	**18**		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Note. Some of the line numbers on the December 1988, March 1991, and November 2003 revisions of Form 8609, Low-Income Housing Credit Allocation Certification, and December 2005 revision of Form 8609, Low-Income Housing Credit Allocation and Certification, differ from other revisions. In these cases, the line references are shown in parentheses in these instructions.

What's New

Form 8609-A has replaced Schedule A (Form 8609), Annual Statement. For tax years beginning after 2004, you will make your first-time submission of Form 8609-A with your federal income tax return.

Form 8609. In conjunction with the release of Form 8609-A, all first-time filers of the form must make a separate one-time submission of Form 8609 to the IRS. All building owners who were notified of their allocation of credit on a Form 8609 with a revision date of January 2000 or earlier will send a copy of their completed and signed Form 8609 to:

Internal Revenue Service
P.O. Box 331
Attn: LIHC Unit, DP 607 South
Philadelphia Campus
Bensalem, PA 19020

If you received your allocation of credit on a Form 8609 with a revision date after January 2000, see the December 2005 revision of Form 8609 for complete instructions on making your one-time submission.

Purpose of Form

Form 8609-A is filed by a building owner to report compliance with the low-income housing provisions and calculate the low-income housing credit. Form 8609-A must be filed by the building owner for each year of the 15-year compliance period that begins after 2004. File one Form 8609-A for the allocation(s) for the acquisition of an existing building and a separate Form 8609-A for the allocation(s) for rehabilitation expenditures.

If the building owner is a partnership, S corporation, estate, or trust (pass-through entity), the entity will complete Form 8609 and Form 8609-A. The entity will attach Form 8609-A to its tax return. If you are a partner, shareholder, or beneficiary in the pass-through entity that owns the building, file only Form 8586, Low-Income Housing Credit, to claim the credit using the information that the entity furnishes you on Schedule K-1.

Recapture of Credit

If the qualified basis of the building has decreased from the qualified basis at the close of the previous tax year, you may have to recapture parts of the credits allowed in previous years. See Form 8611, Recapture of Low-Income Housing Credit.

Sale of Building

Upon a change of ownership, the seller should give the new owner a copy of the documents containing the allocation of credit and the first-year certification. These documents allow the new owner to substantiate the credit. The allocation of credit and first-year certification is on Form 8609.

Specific Instructions

Part I—Compliance Information

Item A. Enter the building identification number (BIN) from Part I, item E of Form 8609.

Item B. You need to file one Form 8609-A for a newly constructed or existing building. You need to file a separate Form 8609-A for section 42(e) rehabilitation expenditures because such expenditures are treated as creating a new building.

Item C. In order to claim the credit, you must have an original, signed Form 8609 (or copy thereof) issued by a housing credit agency assigning a BIN for the building. This applies even if no allocation is required (as in the case of a building financed with tax-exempt bonds). Check "Yes" to certify that you have the required Form 8609 in your records.

Caution. Any building owner claiming a credit without receiving a completed Form 8609 that is signed and dated by an authorized official of the housing credit agency is subject to having the credit disallowed.

Item D. If "No," stop here and see Form 8611 to find out if you have to recapture part of the credit allowed in prior years.

Item E. If "Yes," see the instructions for line 2 to figure the reduced qualified basis. Also, see Form 8611 to find out if you have to recapture part of the credit allowed in prior years.

If "No," and the entire credit has been claimed in prior tax years (generally this can occur after the 11th year for which the credit has been claimed for the building), do not complete Part II.

Part II—Computation of Credit

Line 1. Generally, the eligible basis of a building for its entire 15-year compliance period is the amount of eligible basis entered on Form 8609, line 7b (Part II, line 1b, on the 1988 and 1991 revisions; line 7 on the 2003 and 2005 revisions).

Basis increases for buildings in certain high-cost areas. In order to increase the allocated credit for buildings in certain high-cost areas, the housing credit agency may increase the eligible basis of buildings located in these areas (after adjustments, if any, for federal subsidies and grants). The agency may make this increase under the high cost area provisions of section 42(d)(5)(C).

For revisions of Form 8609 beginning in 1991, the agency shows the increased percentage of the eligible basis in Part I, line 3b. The eligible basis entered on Form 8609 should reflect the percentage increase.

If the agency used an earlier revision of Form 8609 that did not have line 3b in Part I to issue a 1990 credit allocation to which the high cost area provisions were applied, it should have notified you of the Part I percentage increase in a separate statement. Based on this statement, increase the eligible basis of the building reported in Part II of the Form 8609 you file.

Note. This increase cannot cause the credit on line 15 to exceed the credit amount allocated on line 1b, Part I, of Form 8609.

Basis reductions. The amount of eligible basis entered on Form 8609 does not include the cost of land, the amount of any federal grant received for the building during the first year of the credit period, or any portion of a building's adjusted basis for which an election was made prior to November 5, 1990, under section 167(k). Do not reduce the eligible basis on line 1 by the amounts of any federal grants received after the first year of the credit period. The calculation for line 14 will reduce the credit by the amount of any federal grants received during the compliance period that did not reduce the eligible basis during the first year of the credit period.

For more details on determining eligible basis, see the instructions for Form 8609, line 7b (Part II, line 1b, on the 1988 and 1991 revisions; line 7 on the 2003 and 2005 revisions).

Line 2. Only the portion of the basis on line 1 attributable to the low-income rental units in the building at the close of the tax year qualifies for the credit. This is the smaller of the fractional amount of low-income units to all residential rental units (the "unit fraction") or the fractional amount of floor space of the low-income units to the floor space of all residential rental units (the "floor space fraction"). This fraction must be shown on line 2 as a decimal carried out to at least four places (for example, $^{50}/_{100}$ = .5000). Low-income units are units occupied by qualifying tenants, while residential rental units are all units, whether or not occupied.

Generally, a unit is not treated as a low-income unit unless it is suitable for occupancy and is used other than on a transient basis. Section 42(i)(3) provides for certain exceptions (for example, units that provide transitional housing for the homeless may qualify as low-income units). See section 42(i)(3) for more details. Also see section 42(g)(2)(D) regarding the available unit rule and Regulations section 1.42-5(c)(1)(ix) regarding the vacant unit rule.

If you dispose of the building, or your entire interest in the building, before the close of the tax year, the low-income portion must be determined on the date you disposed of the building. If you dispose of less than your entire interest in the building, the low-income portion must be determined at the close of the tax year.

First-year modified percentage. For the first year of the credit period, you must use a modified percentage on line 2 to reflect the average portion of a 12-month period that the units in a building were occupied by low-income individuals. Find the low-income portion as of the end of each full month that the building was in service during the year. Add these percentages together and divide by 12. Enter the result on line 2. For example, if a building was in service for the last 3 full months of your tax year, and was half occupied by low-income tenants as of the end of each of those 3 months, then assuming the smaller fractional amount was the unit fraction, you would enter .1250 on line 2 ([.5 + .5 + .5] ÷ 12 = .1250).

This first year adjustment does not affect the amount of qualified basis on which the credit is claimed in the next 9 tax years. In general, the credit is claimed in those years by reference to the qualified basis at the close of each tax year.

Because the first year credit is not determined solely by reference to the qualified basis at the close of the year, any reduction in credit resulting from the application of the first year adjustment may be claimed in the 11th year. See the instructions for line 17 on page 4.

Line 3. Generally, multiply line 1 by line 2 to figure the portion of the eligible basis of the building attributable to the low-income residential rental units.

Imputed qualified basis of zero. However, the qualified basis of the building (line 3) is zero if any of the following conditions apply.

- The minimum set-aside requirement elected for the project on Form 8609, line 10c (Part II, line 5c, on the 1991 and earlier revisions), is not met.
- The deep rent skewed test (15-40 test) elected for the project on Form 8609, line 10d (Part II, line 5c, on the 1988 revision; Part II, line 5d, on the 1991 revision), is violated. The 15-40 test is not an additional test for satisfying the minimum set-aside requirements of section 42(g). The 15-40 test is an election that relates to the determination of a low-income tenant's income. If this test is elected, at least 15% of all low-income units in the project must be occupied at all times during the compliance period by tenants whose income is 40% or less of the area median gross income.
- You disposed of the building or your entire interest therein during the tax year. If you did not post a bond or pledge securities under section 42(j)(6), in addition to using an imputed basis of zero on line 3, you may have to recapture a portion of credits previously taken. File Form 8611 to figure and report the recaptured amount. This paragraph affects only those taxpayers who dispose of the building or their entire interest therein. Those acquiring the building (or any interest therein) are not affected and, if the minimum set-aside requirements are otherwise satisfied, they may take a credit for the fraction of the year the building is owned by them, regardless of whether or not the seller posted a bond or pledged securities.
- This is the 12th or later year of the compliance period, and the entire credit has been claimed in prior years.

Note. If the qualified basis of the building is zero, or if the building has an imputed qualified basis of zero, you may not claim a credit for the building for the tax year. You must enter zero on lines 3 and 16, and skip lines 4 through 15, 17, and 18.

At-risk limitation for individuals and closely held corporations. The basis of property may be limited if you borrowed against the property and are protected against loss, or if you borrowed money from a person who has other than a creditor interest in the property. See section 42(k).

Line 4. If you disposed of a building or your entire interest therein during the tax year and you posted a bond or pledged securities under section 42(j)(6), you may claim a credit based only on the number of months during the tax year for which you owned the building or an interest therein. Similarly, if you previously had no interest in the building, but you acquired the building or an interest therein during the tax year, you may claim a credit based only on the number of months during the tax year for which you owned the building or an interest therein.

If the building is owned by a pass-through entity, the entity does not need to make any adjustment on line 4, unless the entity either disposes of the building or its entire interest therein, or acquires the building or an interest therein during the tax year (and the entity previously had no interest in the building). Do not make an adjustment on line 4 for changes in the interests of the members of the pass-through entity during the tax year. Instead, the entity must reflect these changes in the amount of credit it passes through to its members.

The owner who has owned the building for the longest period during the month in which the change in ownership occurs is deemed to have owned the building for that month. If the seller and new owner have owned the building for the same amount of time during the month of disposition, the seller is deemed to have owned the building for that month.

If you owned the building, or an interest therein, for the entire year (the full 12 months in your tax year), enter zero on line 4 and go to line 5. If, for a portion of the tax year, you had no ownership interest in the building, multiply the qualified basis on line 3 by a fraction, the numerator of which is the number of months during the tax year that you owned the building and the denominator is 12 (for example, if line 3 is $100,000 and the building was owned for 9 months, then line 4 would be $75,000 (9/12 × $100,000)). Enter the result on line 4.

Line 5. If the agency has made an allocation on Form 8609, enter on line 5 the credit percentage shown on Form 8609, Part I, line 2. This percentage must be shown on line 5 as a decimal carried out to at least four places (for example, 8.13% would be shown on line 5 as .0813).

Note. If you were allocated a 70% present value credit percentage for a building that was not federally subsidized and the building later receives a federal subsidy, your credit percentage is reduced to the 30% present value credit that was in effect during the month the building was placed in service or for the month elected under section 42(b)(2)(A)(ii), whichever applies. The 30% present value credit applies to the building for the year the federal subsidy was received and for the remainder of the compliance period, whether or not the federal subsidy is repaid. See section 42(i)(2).

Line 6. If you owned the building, or had an interest therein, for the entire tax year, multiply line 3 by line 5. If you had no ownership interest in the building for a portion of the tax year, multiply line 4 by line 5.

Lines 7 Through 12

If you are not claiming a credit for additions to qualified basis on line 7, skip lines 7 through 12 and go to line 13.

Caution. You may claim a credit for an addition to qualified basis only if the credit amounts have been allocated by the housing credit agency to cover these additions.

Line 7. An addition to qualified basis results when there is an increase in the number of low-income units or an increase in the floor space of the low-income units over that which existed at the close of the first year of the credit period (before application of the modified percentage calculation). Credits for an addition to qualified basis are claimed at the reduced credit percentage of two-thirds of the credit percentage (expressed as a decimal carried out to at least four places) on line 5 through the end of the 15-year compliance period.

If you are claiming a credit for additions to qualified basis, you must subtract the original qualified basis of the building at the close of the first year of the credit period (see Form 8609, line 8a (Part II, line 2a, on the 1988 and 1991 revisions)) from the building's qualified basis entered on line 3. Enter the result on line 7. If the result is zero or less, skip lines 8 through 12 and enter the credit from line 6 on line 13.

Line 8. Similar to the instructions for line 4, if you disposed of a building or your entire interest therein during the tax year and you posted a bond or pledged securities, your credit for the year is adjusted to reflect the number of months during the tax year that you owned the building or an interest therein. Similarly, if you previously had no interest in the building, but you acquired the building or an interest therein during the tax year, your credit for the year is adjusted to reflect the number of months during the tax year you owned the building or an interest therein.

If the building is owned by a pass-through entity, the entity does not need to make any adjustment on line 8, unless the entity either disposes of the building or its entire interest therein or acquires the building or an interest therein during the tax year (and the entity previously had no interest in the building). Do not make an adjustment on line 8 for changes in the interests of the members of the pass-through entity during the tax year. Instead, the entity must reflect these changes in the amount of credit it passes through to its members.

If you owned the building, or an interest therein, for the entire tax year, enter zero on line 8 and go to line 9. If you had no ownership interest in the building for a portion of the tax year, multiply the additions to qualified basis on line 7 by a fraction, the numerator of which is the number of months during the tax year you owned the building and the denominator is 12. Enter the result on line 8.

Line 9. The credit for additions to the building's qualified basis is determined using two-thirds of the credit percentage allowable for the building's original qualified basis. Therefore, one-third of the credit percentage (expressed as a decimal carried out to at least four places) on line 5 is not allowed. Enter on line 9 one-third of the amount shown on line 5. This amount must be reported on line 9 as a decimal carried out to at least four places (for example if the credit percentage entered on line 5 is .0813, one-third of that percentage would be expressed as .0271). See section 42(f)(3).

Line 10. If you owned the building, or had an interest therein, for the entire tax year, multiply line 7 by line 9. If you had no ownership interest in the building for a portion of the tax year, multiply line 8 by line 9.

Line 11. Additions to qualified basis must be adjusted to reflect the average portion of the year that the low-income units relating to the increase were occupied. This adjustment is required if there is an increase in the qualified basis of the building from the previous tax year. To determine this adjustment amount, complete the worksheet on page 4.

Line 14. The eligible basis on line 1 must be reduced by the amount of any federal grant for the building, or the operation thereof, during the 15-year compliance period. If this reduction does not apply because this is the first year of the credit period (line 1 already reflects the reduction) or no federal grant is received, enter zero on line 14. Otherwise, figure the reduction as follows.

Step 1. Divide the total amount of all federal grants received for the building during the compliance period that did not already reduce the amount of the eligible basis (reported on line 1) by the eligible basis on line 1 of this Form 8609-A. Express the result as a decimal carried out to at least four places.

Note. If the eligible basis on line 1 of this Form 8609-A was increased by a percentage allowable under section 42(d)(5)(C) (and reflected in either line 3b of Form 8609 or in a separate statement issued to you by the housing credit agency), then increase the total amount of all federal grants in Step 1 by this percentage increase and divide this amount by the eligible basis on line 1 of this Form 8609-A. For example, if the percentage increase is 130% and all federal grants total $11,000, multiply $11,000 by 1.3000 and divide the result ($14,300) by the eligible basis on line 1.

Step 2. Multiply the decimal amount determined in Step 1 by the credit on line 13. Enter this result on line 14.

Line 16. To determine the amount to enter on line 16, see the information that follows in *1, 2, 3,* and *Special rules*.

1. If the building is owned completely by one taxpayer, enter the line 15 credit (after adjustment for any applicable special rule below) on line 16.

2. If the building is owned by more than one taxpayer, and those taxpayers are not members of a pass-through entity, then the line 15 credit (after adjustment for any applicable special rule below) must be distributed according to each taxpayer's respective ownership interest in the building. For example, if a building is owned by individuals A and B (60% by A and 40% by B), each would complete a separate Part II as follows. Lines 1 through 15 would be the same for each, assuming no part-year adjustments are necessary. However, A would enter 60% of line 15 on line 16, and B would enter 40% of line 15 on line 16. Therefore, enter on line 16 your share of the line 15 credit for the building that relates to your interest in the building. If your interest increases or decreases during the tax year, the change must be taken into account in determining your share of the line 15 credit.

Note. The aggregate credit claimed by the owners of the building cannot exceed the line 15 credit amount for the building.

3. If a pass-through entity is completing Form 8609-A as the sole owner of the building, enter the line 15 credit (after adjustment for any applicable special rule below) on line 16.

Special rules. If a taxpayer is subject to recapture because of failure to post a bond or pledge securities upon the disposition of a building or interest therein (see *De minimis recapture rule* on page 4), no credit is allowed to the taxpayer for that percentage of the interest disposed of by the taxpayer. The credit allowed to the taxpayer for the tax year is determined by reference to the taxpayer's remaining interest in the building at the close of the tax year. For example, assume that a taxpayer owns 100% of a building for 9 months of the tax year and 40% of the building for the last 3 months of the tax year. (The taxpayer disposed of a 60% interest at the close of the ninth month.) If the taxpayer does not post a bond or pledge securities, the taxpayer's credit on line 16 would be based on 40% of the line 15 credit for the building. Similarly, although a taxpayer might not be subject to recapture upon a disposition of a *de minimis* portion (explained later) of the taxpayer's interest in the building, no credit is allowed to the taxpayer for the percentage of the interest disposed of by the taxpayer. The credit allowed to the taxpayer for the tax year is determined by reference to the taxpayer's remaining interest in the building at the close of the tax year.

If the taxpayer posts a bond or pledges securities upon the disposition of the building or an interest therein, the taxpayer is allowed credit for the year both with respect to the ownership interest disposed of by the taxpayer and the interest retained by the taxpayer. For example, again assume that a taxpayer owns 100% of a building for 9 months of the tax year and 40% of the building for the last 3 months of the tax year. After posting a bond or pledging securities, the taxpayer's credit on line 16 would be based upon 9/12 of 100% (or 75%) of the line 15 credit for the building plus 3/12 of 40% (or 10%) of the line 15 credit amount.

If a taxpayer posts a bond or pledges securities upon the disposition of the building or upon a disposition of the taxpayer's entire interest in the building, the taxpayer's line 16 credit amount is determined by multiplying the line 15 credit amount by the percentage interest in the building disposed of by the taxpayer. For example, if a building is owned by individuals A and B (60% by A and 40% by B) and at the close of the fifth month of the tax year, C buys A's 60% interest in the building and A posts a bond or pledges securities, then A would enter 60% of line 15 on line 16. (Lines 4 and 8 have already taken into account the 5 months of the tax year that A held an interest in the building.)

De minimis recapture rule. For administrative purposes, the Service has adopted a *de minimis* rule that applies to partners in partnerships (other than partnerships described in section 42(j)(5)(B)) owning interests in qualified low-income buildings. The rule allows a partner to elect to avoid or defer recapture resulting from a disposition of interest in a partnership without posting bond until the partner has disposed of more than 33⅓ % of the partner's greatest total interest in the qualified low-income building through the partnership. See Rev. Rul. 90-60, 1990-2 C.B. 3, for more information on the *de minimis* rule.

Upon application by the building owner, the IRS may waive any recapture of the low-income housing credit for any *de minimis* error in complying with the minimum set-aside requirements.

Line 17. The first-year credit may have been reduced based on the number of full months the building was in service. The deferred balance of the credit for the first year is allowed in the 11th year. Include it on line 17 as a **positive** amount.

For example, see the example under *First-year modified percentage* on page 2. If this is the 11th year, enter .8750 times the eligible basis of the building (line 1) times the low-income portion (line 2) times the credit percentage (line 5). The factor .8750 is 1.0000 minus .1250, the modified percentage figured for year one in the example.

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

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is: **Recordkeeping:** 7 hr., 38 min., **Learning about the law or the form:** 1 hr., 47 min., **Preparing and sending the form to the IRS:** 1 hr., 59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service at the address listed in the instructions for the tax return with which this form is filed.

Line 11 Worksheet *(Keep for Your Records)*

1	Enter the qualified basis of the building from line 3 of this tax year's Form 8609-A	**1**	
2	Multiply the amount on line 1 of the previous year's Form 8609-A* by the amount on line 2 of that Form 8609-A*	**2**	
3	Increased qualified basis. Subtract line 2 above from line 1 above. But if line 2 above is more than zero but less than the original qualified basis of the building entered on Form 8609, line 8a (Part II, line 2a on the 1988 and 1991 revisions), then enter the amount from line 7 of this Form 8609-A instead . .	**3**	
	Note. *If line 3 above is zero or less, do not complete the rest of this worksheet. Instead, enter -0- on line 11 of Form 8609-A and go to line 12.*		
4	Modified percentage. For each month during the tax year, figure the increase, if any, in the low-income portion of the building for that month over the low-income portion of the building at the close of the previous tax year (the amount on line 2 of the previous tax year's Form 8609-A*). For example, if the previous tax year's low-income portion of .5000 remained at .5000 for the first 9 months of this tax year and then increased to .7500 for October, November, and December, then subtract .5000 from .7500 to get an increase of .2500 for each month. Add these amounts together, divide by 12, and enter the result. (This amount must be shown as a decimal carried out to at least four places (for example, .2500 + .2500 + .2500 = .7500, divided by 12 = .0625.))	**4**	
5	Increased qualified basis entitled to reduced credit. Multiply line 4 above by Form 8609-A, line 1	**5**	
6	Increased qualified basis not entitled to reduced credit. Subtract line 5 above from line 3 above	**6**	
7	Line 11 modification. Multiply line 6 above by two-thirds of the amount on line 5 of Form 8609-A. Enter the result here and on line 11 of Form 8609-A	**7**	

* Form 8609 (Schedule A) for tax year beginning in 2004