**Form 8801**

**Credit For Prior Year Minimum Tax**

Attach to your tax return.

**Part I Net Minimum Tax on Exclusion Items**

1. Enter line 3 of 1989 Form 6251, or line 1 of 1989 Form 4626. Form 1041 filers, see Instructions.
2. Enter adjustments and tax preference items treated as exclusion items. See Instructions.
3. **Minimum tax credit net operating loss deduction.** See Instructions.
4. Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than $155,000 and you are married filing separately, see Instructions.
5. Enter line 9 of 1989 Form 6251, or line 9a of 1989 Form 4626. Form 8656 filers, enter $20,000.
6. Enter line 10 of 1989 Form 6251, or line 9b of 1989 Form 4626. Form 8656 filers, enter $75,000.
7. Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9.
8. Multiply line 7 by 25% (.25) and enter the result.
9. Subtract line 8 from line 5. If zero or less, enter -0-. If completing for a child under 14, see Instructions.
10. Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15, and go to Part II.
11. Form 6251 and 8656 filers, multiply line 10 by 21% (.21). Form 4626 filers, multiply line 10 by 20% (.20).
12. **Minimum tax foreign tax credit on exclusion items.** See Instructions.
13. **Tentative minimum tax on exclusion items.** Subtract line 12 from line 11.
14. Enter line 18 of 1989 Form 6251, line 15 of 1989 Form 4626, or line 11c, Part III, of 1989 Form 8656.
15. **Net minimum tax on exclusion items.** Subtract line 14 from line 13. If zero or less, enter -0-.

**Part II Minimum Tax Credit and Carryforward to 1991**

16. Enter line 19 of 1989 Form 6251, the sum of lines 14 and 16 of 1989 Form 4626, or line 12, Part III, of 1989 Form 8656.
17. Enter the amount from line 15 above.
18. Subtract line 17 from line 16. If line 17 is greater than line 16, enter the result as a negative amount.
19. **Carryforward of minimum tax credit from 1989.** Enter amount on line 28 of 1989 Form 8801.
20. Enter your 1989 unallowed credit for fuel produced from a nonconventional source. Also include any unallowed orphan drug credit. See Instructions.
21. Combine lines 18, 19, and 20. If zero or less, do not complete the rest of this form. See Instructions.
22. Enter your 1990 regular income tax liability minus allowable tax credits. See Instructions.
23. Enter line 17 of 1990 Form 6251, line 13 of 1990 Form 4626, or line 37 of 1990 Form 8656.
24. Subtract line 23 from line 22. If zero or less, enter -0-.
25. **Minimum tax credit.** Enter the smaller of line 21 or line 24. Also enter this amount on the appropriate line of your 1990 tax return. See Instructions.

**General Instructions**

*(Section references are to the Internal Revenue code.)*

**Paperwork Reduction Act Notice.** We ask for the information on this form 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.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- **Recordkeeping.** 1 hr., 33 min.
- **Learning about the law or the form.** 1 hr., 3 min.
- **Preparing the form.** 1 hr.
- **Copying, assembling, and sending the form to IRS.** 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

**Purpose of Form**

Form 8801 is used to compute the minimum tax credit, if any, for alternative minimum tax (AMT) incurred in prior tax years after 1986. The form is also used to figure any minimum tax credit carryforward that may be used in future years.

**Who Should File**

Form 8801 should be completed by individuals, corporations, trusts, and estates that had:

- an AMT liability in 1989 (or an amount on line 14 of Form 4626) and adjustments or tax preference items (other than exclusion items) in 1989;
- a minimum tax credit carryforward from 1989 to 1990; or
- a 1989 unallowed nonconventional source fuel credit or an unallowed orphan drug credit for any tax year after 1986 (see the instructions for line 20 of this form).

**Recordkeeping.**—Use Form 8801 each year to see if you have a minimum tax credit and to keep track of any credit carryforward. (See line 28 of your 1989 Form 8801.)

**Specific Instructions**

The AMT is attributable to two types of adjustments and tax preference items—"exclusion items" and "deferred items." The minimum tax credit is allowed only on the AMT attributable to deferred items.

**Deferred items** are generally adjustments and tax preference items that do not cause a permanent difference in taxable income over a number of years. An example is depreciation. 

**Exclusion items**, on the other hand, cause a permanent difference in taxable income. An example is the personal exemption.

**Line 1—Form 1041 filers.**—Skip lines 1 through 3 of Form 8801. Complete Parts I and II of another 1989 Form 8656. For Part I of Form 8656, take into account only exclusion items (the amount included on lines 4e and 6d of Part I of Form 8656). On line 9, Part I of Form 8656, use the minimum tax credit net operating loss
deduction (MTCNOLD). However, do not limit the MTCNOLD to 90 percent of the amount on line 8, Part I of Form 8656 (see the instructions for line 3 below for how to compute the MTCNOLD). On Part II of Form 8656, do not take into account any basis adjustments arising from deferral items in computing line 12. And, if the amount on line 12, Part I of Form 8656 is zero or less, enter -0- on line 4 of Form 8801.

Otherwise, enter the amount from line 12, Part I of Form 8656 on line 4 of Form 8801.

Line 2.—Enter on this line the adjustments and tax preference items treated as exclusions.

Exclusion items are your AMT adjustments and tax preference items for: the standard deduction, personal exemptions, estate or trust exemption, itemized deductions (including any investment interest expense reported on Schedule E), the deduction for charitable contributions of appreciated property, certain tax-exempt interest, depletion, and, for certain insurance organizations, the adjustment under section 833(b).

Follow the instructions below to figure the amount to enter on line 2.

Individuals. Combine lines 4i and 5d of your 1989 Form 6251.

Corporations. Combine lines 21 and 3d of the corporation's 1989 Form 4626.

Estates and trusts. Combine lines 4e and 6d of the 1989 Form 8656 and line 20 of the 1989 Form 1041.

Note: If you included any of the exclusion items on a line other than those listed above, include that item in the amount to be entered on line 2. For example, if depletion was included on Form 6251 as an adjustment on line 4s (passive activity loss) instead of on line 5c (depletion), include it as an exclusion item when figuring the amount for line 2.

Exclusion items included in adjusted net book income will not be taken into account for purposes of the minimum tax credit.

Line 3—Minimum tax credit net operating loss deduction (MTCNOL).—Your MTCNOL is the aggregate of the minimum tax credit net operating loss (MTCNOL) carryovers and MTCNOL carrybacks to the tax year. The MTCNOL is not limited to 90 percent of alternative minimum taxable income (AMTI) computed by taking into account only exclusion items. Your MTCNOL is figured as follows:

For loss years beginning after 1986, your MTCNOL is the excess of the deductions allowed in computing AMTI (excluding the MTCNOL), taking into account only exclusion items, over the income included in computing AMTI, taking into account only exclusion items. This excess is computed with the modifications contained in section 172(d), taking into account exclusion items (i.e., the section 172(d) modifications should be separately computed in figuring the MTCNOL).

For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be separately computed in figuring the MTCNOL using only nonbusiness income and nonbusiness deductions. Any nonbusiness income or deduction not limited by exclusion items. However, ignore the disallowance of the deduction for personal exemptions under section 172(d)(3) because it has already been taken into account in computing AMTI using only exclusion items.

For loss years beginning before 1987, the amount of MTCNOL that may be carried forward to tax years beginning after 1986 is equal to the amount of regular tax NOL that may be carried from such loss years to the first tax year beginning after 1986.

To determine the amount of MTCNOL that may be carried to tax years other than 1989, apply sections 172(b)(2) and 172(d), with appropriate modifications to take into account exclusion items.

Line 4.—If you are married filing a separate return and line 4 is greater than $155,000, you must include an additional amount on line 4. If line 4 is $235,000 or more, include an additional $20,000 on line 4. Otherwise, include 25% of the excess of the amount on line 4 over $155,000. For example, if the amount on line 4 is $175,000, enter $180,000 instead—the additional $5,000 is $20,000 ($175,000 minus $155,000)(.25).

Line 5.—If you are completing this form for a child who was under age 14 on January 1, 1990, and at least one of the child's parents was alive on December 31, 1989, do not follow the instructions on the form for line 9. Instead, if line 5 is equal to or more than line 5, enter -0-; otherwise, enter the smaller of: (1) the amount by which line 5 exceeds line 8, or (2) the amount entered on line F of the worksheet for line 13 of the child's 1989 Form 6251.

Line 12—Minimum tax foreign tax credit.—Refuge your 1989 minimum tax foreign tax credit using only exclusion items that were attributable to sources outside the U.S. To do this, use a 1989 Form 1116 or Form 1117, whichever applies, and follow the steps below.

Step 1. Use a separate Form 1116 (or Form 1117) for each type of income.

Step 2. Fill in Part I of Form 1116 (or Schedule A of Form 1118) using that portion of your taxable income and exclusion items that were attributable to sources outside the United States.

Step 3. Fill in Part III of Form 1116 (or Schedule B, Part II of Form 1118).

However, instead of entering the AMT foreign tax credit carryforward on line 2, Part III of Form 1116 (or Schedule B of Form 1118), use the foreign tax credit carryforward, if any, figured on exclusion items last year. Enter the amount from line 4 of this form on line 9, Part III of Form 1116 (or line 7c, Part II, Schedule B of Form 1118). Enter the amount from line 11 of this form reduced by the child care credit and the credit for the elderly or disabled, if any, on line 11, Part III of Form 1116 (or line 9, Part II, Schedule B of Form 1118).

Step 4. Complete Part IV of Form 1116 (or Schedule B, Part III of Form 1118). Enter the refuged credit from Form 1116 (or Form 1118) on line 12 of this form.

If line 5, Part III, of Form 1116 (or line 5, Part II, Schedule B of Form 1118) was greater than line 12, Part III, of Form 1116 (or line 10, Part II, Schedule B of Form 1118), keep a record of the difference between lines 5 and 12 of Form 1118 (or lines 5 and 10 of Form 1118). This amount is carried forward and used to compute your foreign tax credit on exclusion items next year.

Line 20.—Enter the unused portion of your 1989 credit for fuel produced from a nonconventional source that was not allowed solely because of the limitation under section 29(b)(5)(B).

Also include on this line any orphan drug credit not allowed solely because of the limitation under section 28(d)(2)(B) in any prior year after 1986.

Line 21.—If line 21 is zero or less, you do not have a minimum tax credit or a minimum tax credit carryforward. Do not complete the rest of this form.

Line 22.—Follow the instructions below and refer to your 1990 income tax return to figure the amount to enter on line 22.

Form 1040.—Subtract from the amount on line 40 the total of any credits on lines 41 through 44 and any write-in credits on line 46 for the mortgage interest credit or the credit for fuel produced from a nonconventional source.

Form 1040NR.—Subtract from the amount on line 38 the total of any credits on lines 39 through 41 and any write-in credits on line 43 for the mortgage interest credit or the credit for fuel produced from a nonconventional source.

Form 1041.—Subtract the total of any credits on lines 2a through 2c, Schedule G from the amount on line 1, Schedule G.

Form 1120.—Subtract any credits on lines 4a through 4e, Schedule J from the amount on line 3, Schedule J.

Form 1120-A.—Subtract the amount on line 2a, Part I from the amount on line 1, Part I.

Line 25.—Enter the minimum tax credit on the line below solely because of your tax return.

Form 1040, line 45.

Form 1040NR, line 42.

Form 1041, line 2d, Schedule G.

Form 1120, line 4f, Schedule J.

Form 1120-A, line 2b, Part I.

All Others.—Enter the minimum tax credit on the line provided on your tax return.

Note: Section 383 may limit the amount of tax of a corporation for any tax year ending after a post-1986 ownership change that may be offset by pre-change minimum tax credits. If this limitation applies, attach your computation of the allowable minimum tax credit, enter that amount on line 25, and write "Sec. 383" on the dotted line to the left of line 25.

Line 26—Carryforward of minimum tax credit.—Keep a record of this amount because it can be carried forward and used in future years.