

Credit For Prior Year Minimum Tax— Individuals, Estates, and Trusts

▶ Attach to your tax return.

Name(s) shown on return	Identifying number
-------------------------	--------------------

Part I Net Minimum Tax on Exclusion Items

1 Combine lines 16 through 18 of your 1997 Form 6251. Estates and trusts, see instructions . . .	1		
2 Enter adjustments and preferences treated as exclusion items. See instructions	2		
3 Minimum tax credit net operating loss deduction. See instructions	3	()
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 \$165,000 and you were married filing separately for 1997, see instructions	4		
5 Enter: \$45,000 if married filing jointly or qualifying widow(er) for 1997; \$33,750 if single or head of household for 1997; or \$22,500 if married filing separately for 1997. Estates and trusts, enter \$22,500	5		
6 Enter: \$150,000 if married filing jointly or qualifying widow(er) for 1997; \$112,500 if single or head of household for 1997; or \$75,000 if married filing separately for 1997. Estates and trusts, enter \$75,000	6		
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7		
8 Multiply line 7 by 25% (.25)	8		
9 Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions	9		
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15, and go to Part II. Form 1040NR filers, see instructions	10		
11 If you completed Schedule D (Form 1040 or 1041) for 1997 and had an amount on line 25 or line 27 of Schedule D (Form 1040) (line 24 or line 27 of Schedule D (Form 1041)) or you would have had an amount on either of those lines had you completed Part IV of Schedule D (Form 1040) (or Part V of Schedule D (Form 1041)), go to Part III of Form 8801 to figure the amount to enter on this line. All others: Multiply line 10 by 26% (.26) if line 10 is: \$175,000 or less if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$87,500 or less if married filing separately for 1997. Otherwise, multiply line 10 by 28% (.28) and subtract from the result: \$3,500 if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$1,750 if married filing separately for 1997	11		
12 Minimum tax foreign tax credit on exclusion items. See instructions	12		
13 Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13		
14 Enter the amount from your 1997 Form 6251, line 27, or Form 1041, Schedule I, line 41	14		
15 Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15		

Part II Minimum Tax Credit and Carryforward to 1999

16 Enter the amount from your 1997 Form 6251, line 28, or Form 1041, Schedule I, line 42	16		
17 Enter the amount from line 15 above	17		
18 Subtract line 17 from line 16. If less than zero, enter as a negative amount	18		
19 1997 minimum tax credit carryforward. Enter the amount from your 1997 Form 8801, line 26	19		
20 Enter the total of your 1997 unallowed nonconventional source fuel credit and 1997 unallowed qualified electric vehicle credit. See instructions	20		
21 Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21		
22 Enter your 1998 regular income tax liability minus allowable credits. See instructions	22		
23 Enter the amount from your 1998 Form 6251, line 26, or 1998 Form 1041, Schedule I, line 37	23		
24 Subtract line 23 from line 22. If zero or less, enter -0-	24		
25 Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on the appropriate line of your 1998 tax return. See instructions	25		
26 Minimum tax credit carryforward to 1999. Subtract line 25 from line 21. See instructions	26		

Part III Line 11 Computation Using Maximum Capital Gains Rates

Caution: If you are an individual and you did not complete Part IV of your 1997 Schedule D (Form 1040), complete lines 20 through 27 of that Schedule D before completing this part. For an estate or trust that did not complete Part V of the 1997 Schedule D (Form 1041), complete lines 19 through 27 of that Schedule D before completing this part.

27	Enter the amount from line 10				27
28	Enter the amount from your 1997 Schedule D (Form 1040 or 1041), line 27	28			
29	Enter the amount from your 1997 Schedule D (Form 1040), line 25, (or 1997 Schedule D (Form 1041), line 24)	29			
30	Add lines 28 and 29	30			
31	Enter the amount from your 1997 Schedule D (Form 1040), line 22, (or 1997 Schedule D (Form 1041), line 21)	31			
32	Enter the smaller of line 30 or line 31				32
33	Subtract line 32 from line 27. If zero or less, enter -0-				33
34	Multiply line 33 by 26% (.26) if line 33 is: \$175,000 or less if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$87,500 or less if married filing separately for 1997. Otherwise , multiply line 33 by 28% (.28) and subtract from the result: \$3,500 if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$1,750 if married filing separately for 1997 ▶				34
35	Enter the amount from your 1997 Schedule D (Form 1040 or 1041), line 36. If you did not complete Part IV of your 1997 Schedule D (Form 1040) (Part V of the 1997 Schedule D (Form 1041) for an estate or trust), enter -0-				35
36	Enter the smallest of line 27, line 28, or line 35				36
37	Multiply line 36 by 10% (.10) ▶				37
38	Enter the smaller of line 27 or line 28				38
39	Enter the amount from line 36				39
40	Subtract line 39 from line 38. If zero or less, enter -0-				40
41	Multiply line 40 by 20% (.20) ▶				41
42	Enter the amount from line 27				42
43	Add lines 33, 36, and 40				43
44	Subtract line 43 from line 42				44
45	Multiply line 44 by 25% (.25) ▶				45
46	Add lines 34, 37, 41, and 45				46
47	Multiply line 27 by 26% (.26) if line 27 is: \$175,000 or less if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$87,500 or less if married filing separately for 1997. Otherwise , multiply line 27 by 28% (.28) and subtract from the result: \$3,500 if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$1,750 if married filing separately for 1997 ▶				47
48	Enter the smaller of line 46 or line 47 here and on line 11				48

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Form 8801 is used by individuals, estates, and trusts to figure 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.

Who Should File

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

- An AMT liability in 1997 and adjustments or preferences (other than exclusion items) in 1997,
- A minimum tax credit carryforward from 1997 to 1998, or
- A nonconventional source fuel credit or a qualified electric vehicle credit not allowed for 1997 (see the instructions for line 20).

File Form 8801 only if line 21 is more than zero.

Specific Instructions

The AMT is attributable to two types of adjustments and preferences—deferral items and exclusion items.

Deferral items generally do not cause a permanent difference in taxable income over time (e.g., depreciation). **Exclusion items**, on the other hand, do cause a permanent difference (e.g., the standard deduction). The minimum tax credit is allowed only on the AMT attributable to deferral items.

Line 1—Estates and Trusts

Skip lines 1 through 3 of Form 8801. Complete Parts I and II of another 1997 Form 1041, Schedule I. For Part I of Schedule I, take into account only exclusion items (the amounts included on lines 4a through 4d, 4p, and 4q, and the section 1202 exclusion tax preference item included on line 4u, of Schedule I) and any other adjustments related to exclusion items included on line 4u of Schedule I. On line 7 of Schedule I, use the minimum tax credit net operating loss deduction (MTCNOLD). However, do not limit the MTCNOLD to 90% of the

amount on line 6 of Schedule I (see the instructions for line 3 below for how to figure the MTCNOLD). On Part II of Schedule I, do not take into account any basis adjustments arising from deferral items in completing lines 19 and 20. If the amount on line 13 of Schedule I is zero or less, enter zero on line 4 of Form 8801. Otherwise, enter the amount from line 13 of Schedule I, adjusted for exclusion items that were allocated to the beneficiary, on line 4 of Form 8801.

Line 2

Enter on this line the adjustments and preferences treated as exclusions. Exclusion items are your AMT adjustments and preferences for: the standard deduction, itemized deductions (including any investment interest expense reported on Schedule E), charitable contributions of appreciated property, certain tax-exempt interest, depletion, and any other adjustments related to exclusion items. Combine lines 1 through 7, 13, 14a, and 14c of your 1997 Form 6251. If you included on line 14n any adjustments related to exclusion items, also include those adjustments in the amount to be entered on line 2. Enter the total on line 2.

Note: *If you included any exclusion item on a line not 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 11 (passive activities) instead of on line 14c (depletion), include it as an exclusion item when figuring the amount for line 2.*

Line 3—Minimum Tax Credit Net Operating Loss Deduction (MTCNOLD)

Your MTCNOLD is the aggregate of the minimum tax credit net operating loss (MTCNOL) carryovers and carrybacks to 1997. Your MTCNOL is figured as follows:

For loss years beginning after 1986, your MTCNOL is the excess of the deductions (excluding the MTCNOLD), over the income used to figure alternative minimum taxable income (AMTI), taking into account only exclusion items. Figure this excess with the modifications in section 172(d), taking into account

only exclusion items (i.e., the section 172(d) modifications should be figured separately for the MTCNOL).

For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be figured separately for the MTCNOL using only nonbusiness income and deductions, taking into account only 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 figuring 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 1997, apply sections 172(b)(2) and 172(d), with appropriate modifications to take into account exclusion items.

Line 4

If your filing status was married filing separately for 1997 and line 4 is more than \$165,000, you must include an additional amount on line 4. If line 4 is \$255,000 or more, include an additional \$22,500 on line 4. Otherwise, include 25% of the excess of the amount on line 4 over \$165,000. For example, if the amount on line 4 is \$185,000, enter \$190,000 instead—the additional \$5,000 is 25% of \$20,000 (\$185,000 minus \$165,000).

Line 9

If you are completing this form for a child who was under age 14 on January 1, 1998, and at least one of the child's parents was alive on December 31, 1997, **do not** follow the instructions on the form for line 9. Instead, if line 8 is equal to or more than line 5, enter zero. Otherwise, enter the smaller of (a) the amount by which line 5 exceeds line 8, or (b) the amount from line 17 of the worksheet for line 22 of the child's 1997 Form 6251, refigured to take into account only exclusion items.

Line 10

If you filed Form 1040NR for 1997 and had a net gain on the disposition of U.S. real property interests, line 10 cannot be less than the smaller of that net gain or line 4.

Line 12

Minimum tax foreign tax credit on exclusion items. Refigure your minimum tax foreign tax credit using only exclusion items attributable to sources outside the United States. To do this, use a separate 1997 **Form 1116**, Foreign Tax Credit, for each type of income and follow the steps below.

Step 1. Fill in Part I of Form 1116 using that part of your taxable income and exclusion items attributable to sources outside the United States.

Step 2. Fill in Part III of Form 1116. However, instead of entering the AMT foreign tax credit carryover on line 10 of Form 1116, use the foreign tax credit carryover, if any, figured on exclusion items. Enter the amount from line 4 of your 1998 Form 8801 on line 17 of Form 1116. Enter on line 19 of Form 1116 the amount from line 11 of your 1998 Form 8801.

Step 3. Complete Part IV of Form 1116. Enter the refigured credit from Form 1116, line 32, on Form 8801, line 12.

If line 13 of Form 1116 is greater than line 20 of Form 1116, keep a record of the difference between those two lines. This amount is carried forward and used to figure your foreign tax credit on exclusion items next year.

Line 20

Enter the total of any nonconventional source fuel credit

and qualified electric vehicle credit not allowed for 1997 solely because of the limitation under sections 29(b)(6)(B) and 30(b)(3)(B).

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 and do not file it.

Line 22

Follow the instructions below and refer to your 1998 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 47 (not including any credit for prior year minimum tax) and any write-in credit on line 48.

Form 1040NR. Subtract from the amount on line 39 the total of any credits on lines 40 through 44 (not including any credit for prior year minimum tax) and any write-in credit on line 45.

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

Line 25—Minimum Tax Credit

Enter the minimum tax credit on the following line of your 1998 tax return: Form 1040, line 47; Form 1040NR, line 44; Form 1041, Schedule G, line 2d.

Line 26—Carryforward of Minimum Tax Credit

Keep a record of this amount because it can be carried forward and used in future years.

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.

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 average time is:

- Recordkeeping** . . . 2 hr., 4 min.
- Learning about the law or the form** . . . 1 hr., 51 min.
- Preparing the form** . . . 1 hr., 40 min.
- Copying, assembling, and sending the form to the IRS** 17 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. See the instructions for the tax return with which this form is filed.

