



Instructions for Form 4626

Alternative Minimum Tax—Corporations

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

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	18 hr., 39 min.
Learning about the law or the form	14 hr.
Preparing and sending the form to the IRS	14 hr., 56 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 for the tax return with which this form is filed.

General Instructions

Changes To Note

The Energy Policy Act of 1992 made the following changes that affect the alternative minimum tax for tax years beginning after 1992:

- The preference for depletion no longer applies to independent producers or royalty owners claiming percentage depletion for oil and gas wells under section 613A(c).
- The preference for intangible drilling costs generally no longer applies to corporations that are independent producers (i.e., not integrated oil companies as defined in section 291(b)(4)). However, the benefit of this exclusion may be limited. See page 4.
- The adjusted current earnings (ACE) adjustment for depletion no longer applies to independent producers or royalty owners claiming percentage depletion for oil and gas wells under section 613A(c).
- The ACE adjustment for intangible drilling costs for oil or gas wells no longer applies to corporations that are independent producers (i.e., not integrated oil companies as defined in section 291(b)(4)).
- The adjustment based on energy preferences has been repealed.

The Revenue Reconciliation Act of 1993 made the following additional changes:

- The preference for contributions of appreciated property was repealed for contributions of tangible personal property made after June 30, 1992, and for all other contributions made after 1992. In addition, no

adjustment related to the earnings and profits effects of any contribution is included in ACE.

- The ACE depreciation adjustment does not apply to property placed in service after 1993.

Who Must File

File Form 4626 if the corporation's taxable income or (loss) before the net operating loss (NOL) deduction when combined with its adjustments and tax preference items (including the ACE adjustment) totals more than the smaller of: (a) \$40,000 or (b) its allowable exemption amount.

Short Period Return

If this is a short period return, use the formula in section 443(d) to determine the corporation's alternative minimum taxable income (AMTI) and alternative minimum tax (AMT).

Apportionment of Differently Treated Items in Case of Certain Entities

If you are preparing Form 4626 for a regulated investment company, a real estate investment trust, or a common trust fund, see section 59(d).

Credit for Prior Year Minimum Tax

See **Form 8827**, Credit for Prior Year Minimum Tax—Corporations, for details concerning the computation of the credit.

Specific Instructions

Line 1. Taxable income or (loss) before net operating loss deduction.—Enter the corporation's taxable income or (loss) before the NOL deduction. For example, if you file Form 1120, subtract line 29b from line 28 of that form.

Important: *If the corporation is subject to the environmental tax, you will generally need to figure that tax on line 17 before completing line 1 (see instructions for line 17).*

Line 2a. Depreciation of tangible property placed in service after 1986.—The following rules apply to tangible property placed in service after 1986 (or after July 31, 1986, if you made the transitional election under section 203(a)(1)(B) of the Tax Reform Act of 1986):

Caution: *Do not include depreciation adjustments attributable to passive activities or tax shelter farm activities on line 2a. Instead, include them on line 2j or 2k.*

The depreciation expense allowable for regular tax purposes under section 167 with respect to any tangible property placed in service after 1986 must be recomputed for AMT purposes under the alternative

depreciation system (ADS) described in section 168(g) as follows:

1. For any real property described in section 1250(c) (generally nonresidential real and residential rental), use the straight line method over 40 years with the same mid-month convention used for regular tax purposes;

2. For any tangible property (other than the real property described in 1 above) for which depreciation for regular tax purposes is determined using the straight line method, recompute the depreciation expense using the straight line method over the property's class life with the same convention used for regular tax purposes;

3. For all tangible property other than property described in 1 or 2 above, use the 150% declining balance method, switching to the straight line method the first tax year it gives a larger deduction, over the property's class life. Use the same convention used for regular tax purposes.

In applying the above rules:

1. The class life you use for AMT purposes is not necessarily the same as the recovery period used for regular tax purposes. The class lives you use for AMT purposes are listed in Rev. Proc. 87-56, 1987-2 C.B. 674, or in **Pub. 534**, Depreciation. Use 12 years for any tangible personal property that does not have an assigned class life;

2. See Rev. Proc. 87-57, 1987-2 C.B. 687, for optional tables (14 through 18) that you can use to figure depreciation for AMT purposes. (These optional tables also appear in **Pub. 534**.);

3. Do not make an adjustment for: (a) property for which the corporation made a section 168(g)(7) election (to use the ADS of section 168(g)) for regular tax purposes, (b) property expensed under section 179 for regular tax purposes, or (c) property described in sections 168(f)(1) through (4); and

4. You must consider the transitional rules (described in section 56(a)(1)(C)) and the normalization rules (described in section 56(a)(1)(D)).

Subtract the recomputed AMT expense from the depreciation expense claimed for regular tax purposes and enter the result on line 2a. If the recomputed AMT expense is more than the depreciation expense claimed for regular tax purposes, enter the difference as a negative amount.

Note: *Depreciation that is capitalized to inventory under the uniform capitalization rules must be refigured using the rules described above.*

Line 2b. Amortization of certified pollution control facilities placed in service after 1986.—The amortization deduction claimed

for regular tax purposes is not allowed for AMT purposes.

For AMT purposes, use the ADS described in section 168(g) (i.e., use the straight line method over the facility's class life). The facility's class life is listed in Rev. Proc. 87-56 or in Pub. 534.

Note: Section 168(g) applies to 100% of the asset's amortizable basis. Do not reduce the corporation's AMT basis by the 20% section 291 adjustment that applied for regular tax purposes.

Subtract the recomputed AMT expense from the expense claimed for regular tax purposes and enter the result on line 2b. If the recomputed AMT expense is more than the expense claimed for regular tax purposes, enter the difference as a negative amount.

Line 2c. Amortization of mining exploration and development costs paid or incurred after 1986.—If, for regular tax purposes, the corporation elected the optional 10-year writeoff under section 59(e) for all assets in this category, skip this line (no adjustment is necessary).

The deduction claimed for regular tax purposes under sections 616(a) and 617(a) is not allowed for AMT purposes. Instead, capitalize those costs and amortize them ratably over a 10-year period beginning with the tax year in which the corporation made them.

Note: The 10-year amortization applies to 100% of the mining development and exploration costs paid or incurred during the tax year. Do not reduce the corporation's AMT basis by the 30% section 291 adjustment that applied for regular tax purposes.

Subtract the recomputed AMT expense from the expense claimed for regular tax purposes and enter the result on line 2c. If the recomputed AMT expense is more than the expense claimed for regular tax purposes, enter the difference as a negative amount. See section 56(a)(2)(B) if the corporation had a loss from any mine or other natural deposit (other than an oil, gas, or geothermal well).

Line 2d. Amortization of circulation expenditures paid or incurred after 1986 (personal holding companies only).—If, for regular tax purposes, the corporation elected the optional 3-year writeoff under section 59(e) for all of these expenditures, skip this line (no adjustment is necessary).

The deduction claimed for regular tax purposes (under section 173) for these expenditures incurred after 1986 is not allowed for AMT purposes. For AMT purposes, capitalize these expenditures and amortize them ratably over a 3-year period beginning with the tax year in which the corporation made them.

Subtract the recomputed AMT expense from the expense claimed for regular tax purposes and enter the result on line 2d. If the recomputed AMT expense is more than the expense claimed for regular tax purposes, enter the difference as a negative amount. See section 56(b)(2)(B) if the corporation had a loss from circulation expenditures deducted under section 173.

Line 2e. Basis adjustments in determining gain or loss from sale or exchange of property.—If, during the tax year, the corporation disposed of property for which

you are making (or have previously made) any of the adjustments described in lines 2a through 2d above, recompute the property's adjusted basis for AMT purposes. Then recompute the gain or loss on the disposition.

The property's adjusted basis for AMT purposes is its cost minus all applicable depreciation or amortization deductions allowed for AMT purposes during the current tax year and previous tax years. Subtract this recomputed basis from the sales price to arrive at the gain or loss for AMT purposes.

Note: The corporation may also have gains or losses from lines 2j, 2k, and 2l that must be taken into consideration on line 2e. For example, if for regular tax purposes the corporation reports a loss from the disposition of an asset used in a passive activity, include the loss in the computations for line 2k to determine whether any passive activity loss is limited for AMT purposes. Then, include the portion of the AMT passive activity loss allowed that pertains to the disposition of the asset on line 2e in determining the corporation's AMT basis adjustment. It may be helpful to refigure Form 8810 and related worksheets and Schedule D (Form 1120), Form 4684 (Section B), or Form 4797 for AMT purposes.

Enter the difference between the gain or loss for regular tax purposes and the recomputed gain or loss for AMT purposes. Enter the difference as a negative amount if:

- The gain recomputed for AMT purposes is less than the gain computed for regular tax purposes, OR
- The loss recomputed for AMT purposes is more than the loss computed for regular tax purposes, OR
- The corporation recomputed a loss for AMT purposes and computed a gain for regular tax purposes.

Line 2f. Long-term contracts entered into after February 28, 1986.—For AMT purposes, use the percentage-of-completion method rules described in section 460(b) to determine the taxable income from any "long-term contract" (defined in section 460(f)) entered into after February 28, 1986. However, this rule does not apply to: (1) any "home construction contract" (as defined in section 460(e)(6)) entered into after June 20, 1988, for which the corporation meets the "small" home construction contract requirements of section 460(e)(1)(B) or (2) any home construction contract entered into in a tax year beginning after September 30, 1990, regardless of whether the corporation meets the "small" home construction contract requirements of section 460(e)(1)(B).

Note: In the case of a contract described in section 460(e)(1), determine the percentage of the contract completed using the simplified procedures for allocating costs outlined in section 460(b)(4).

Subtract the income reported for regular tax purposes from the income recomputed for AMT purposes and enter the difference on line 2f. If the recomputed AMT income is less than the income reported for regular tax purposes, enter the difference as a negative amount.

Line 2g. Installment sales of certain property.—For either of the following kinds of dispositions in which the corporation used the installment method for regular tax purposes,

refigure its income for AMT purposes without regard to the installment method:

1. Any disposition after March 1, 1986, of property used or produced in the corporation's farming business that it held primarily for sale to customers.

2. Any nondealer disposition of property that occurred after August 16, 1986, but before the first day of the corporation's tax year that began in 1987, if an obligation that arose from the disposition was an installment obligation to which the proportionate disallowance rule applied.

Enter on line 2g the difference between the income recomputed for AMT purposes and the income reported for regular tax purposes. If the income reported for regular tax purposes is more than the income recomputed for AMT purposes, enter the difference as a negative amount.

Line 2h. Merchant marine capital construction funds.—Amounts deposited in these funds (established under section 607 of the Merchant Marine Act of 1936) after 1986 are not deductible for AMT purposes. Earnings on these funds are not excludable from gross income for AMT purposes. If the corporation deducted these amounts or excluded them from income for regular tax purposes, add them back on line 2h. See section 56(c)(2) for more information.

Line 2i. Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only).—This deduction is not allowed for AMT purposes. If the corporation took this deduction for regular tax purposes, add it back on line 2i.

Line 2j. Tax shelter farm activities (personal service corporations only).—Complete line 2j only if the corporation has a gain or loss from a tax shelter farm activity (as defined in section 58(a)(2)) that is **not** a passive activity. If the tax shelter farm activity is a passive activity, you must include the gain or loss in the computations for line 2k below.

Recompute all gains and losses reported for regular tax purposes from tax shelter farm activities by taking into account the corporation's AMT adjustments and tax preference items.

Important: To avoid duplication, do not include any AMT adjustment or tax preference item taken into account on line 2j in the amounts to be entered on any other line of this form.

Determine the corporation's tax shelter farm activity gain or loss for AMT purposes using the same rules used for regular tax purposes with the following modification: No recomputed loss is allowed, except to the extent the personal service corporation is insolvent (see section 58(c)(1)). Do not use a recomputed loss in the current tax year to offset gains from other tax shelter farm activities. Instead, suspend any recomputed loss and carry it forward indefinitely until: (1) the corporation has a gain in a subsequent tax year from that same tax shelter farm activity, OR (2) it disposes of the activity.

Note: The amount of any tax shelter farm activity loss that is not deductible (and is therefore carried forward) for AMT purposes is likely to differ from the amount (if any) that is suspended and carried forward for regular tax

purposes. Keep adequate records for both AMT purposes and regular tax purposes.

Enter on line 2j the difference between the gain or loss recomputed for AMT purposes and the gain or loss reported for regular tax purposes. Enter the difference as a negative amount if the corporation:

- Reported a loss for AMT purposes and a gain for regular tax purposes, OR
- Recomputed a loss for AMT purposes that exceeds the loss reported for regular tax purposes, OR
- Reported a gain for regular tax purposes that exceeds the gain recomputed for AMT purposes.

Line 2k. Passive activities (closely held corporations and personal service corporations only).—Recompute all passive activity gains and losses reported for regular tax purposes by taking into account the corporation's AMT adjustments, tax preference items, and AMT prior year unallowed losses.

Important: To avoid duplication, do not include any AMT adjustment or tax preference item taken into account on line 2k in the amounts to be entered on any other line of this form.

Determine the corporation's passive activity gain or loss for AMT purposes using the same rules used for regular tax purposes. If the corporation is insolvent, see section 58(c)(1).

Disallowed losses of a personal service corporation are suspended until the corporation has income from that (or any other) passive activity or until the passive activity is disposed of (i.e., its passive losses cannot offset "net active income" (defined in section 469(e)(2)(B)) or "portfolio income"). Disallowed losses of a closely held corporation that is not a personal service corporation are treated the same except that, in addition, they may be used to offset "net active income."

Note: The amount of any passive activity loss that is not deductible (and is therefore suspended and carried forward) for AMT purposes is likely to differ from the amount (if any) that is carried forward for regular tax purposes. Keep adequate records for both AMT purposes and regular tax purposes.

Enter on line 2k the difference between the gain or loss recomputed for AMT purposes and the gain or loss reported for regular tax purposes. Enter the difference as a negative amount if the corporation:

- Reported a loss for AMT purposes and a gain for regular tax purposes, OR
- Recomputed a loss for AMT purposes that exceeds the loss reported for regular tax purposes, OR
- Reported a gain for regular tax purposes that exceeds the gain recomputed for AMT purposes.

Tax shelter farm activities that are passive activities.—Recompute all gains and losses reported for regular tax purposes by taking into account the corporation's AMT adjustments, tax preference items, and AMT prior year unallowed losses.

Important: To avoid duplication, do not include any AMT adjustment or tax preference item taken into account here in the amounts to be entered on any other line of this form.

Take into account these recomputed gains and losses when figuring the corporation's passive activity gain or loss for AMT purposes described above. Use the same rules outlined above, with the following additional modification: Recomputed gains from tax shelter farm activities that are passive activities may be used to offset recomputed losses from other passive activities. However, recomputed losses from tax shelter farm activities that are passive activities may not be used to offset recomputed gains from other passive activities. (Recomputed losses from tax shelter farm activities that are passive activities are disallowed and must be suspended and carried forward as explained in the instructions for line 2j.)

Line 2l. Certain loss limitations.—Recompute gains and losses reported for regular tax purposes from at-risk activities and partnerships by taking into account the corporation's AMT adjustments and tax preference items. If the corporation has recomputed losses that must (in accordance with section 59(h)) be limited for AMT purposes by section 465 or by section 704(d) OR if, for regular tax purposes, the corporation reported losses from at-risk activities or partnerships that were limited by those sections, compute the difference between the loss limited for AMT purposes and the loss limited for regular tax purposes for each applicable at-risk activity or partnership. For this purpose, "loss limited" means the amount of loss that is not allowable for the year due to the limitation of section 465 or 704(d).

Enter on line 2l the excess of the loss limited for AMT purposes over the loss limited for regular tax purposes. If the loss limited for regular tax purposes is more than the loss limited for AMT purposes, enter the difference as a negative amount.

Line 2m. Other adjustments.—Include on this line:

1. Income eligible for the possessions tax credit.—The corporation's AMTI must not include any income (from the sources described in section 936(a)(1)) that is eligible for the possessions tax credit of section 936. If you included this type of income in the corporation's taxable income for regular tax purposes, enter the amount on line 2m as a negative amount.

2. Income with respect to the alcohol fuel credit.—The corporation's AMTI must not include any amount with respect to the alcohol fuel credit that was included in the corporation's gross income under section 87. If this type of income was included in the corporation's income for regular tax purposes, enter the amount on line 2m as a negative amount.

3. Income as the beneficiary of an estate or trust.—If the corporation is the beneficiary of an estate or trust, enter the minimum taxable income adjustment from Schedule K-1 (Form 1041), line 8.

4. Related adjustments.—AMT adjustments and tax preference items may affect deductions that are based on an income limit. Refigure these deductions using the income limit as modified for AMT purposes. Include on line 2m an adjustment for the total difference between the regular tax and AMT amounts for all such deductions and include it on line 2m. If the AMT deduction is more

than the regular tax deduction, enter the difference as a negative amount.

Note: Do not make an adjustment on line 2m for an item you refigured on another line of this form (e.g., line 3a or 3c).

Example. The corporation has taxable income derived from the active conduct of a trade or business of \$9,000 (before the net operating loss deduction, special deductions, and the section 179 expense deduction). During the year, the corporation purchased a business asset for \$10,000 for which it elects to take the section 179 expense deduction. The corporation also has an AMT depreciation adjustment of \$700 for other depreciable assets. The corporation's section 179 expense deduction is limited to \$9,000, its taxable income derived from the active conduct of a trade or business (before the net operating loss deduction, special deductions, and the section 179 expense deduction). The \$1,000 excess is a section 179 expense deduction carryforward for regular tax purposes. But, for AMT purposes, the section 179 taxable income limit is \$9,700, so it is allowed a section 179 expense deduction of \$9,700 for AMT purposes. The corporation has a section 179 expense deduction carryforward of \$300 for AMT purposes. Therefore, it includes a \$700 negative adjustment on line 2m because its section 179 expense deduction for AMT purposes is \$700 greater than its allowable regular tax deduction. In the following year, when the corporation uses the \$1,000 regular tax carryforward, it will have a \$700 positive adjustment for AMT purposes because its AMT carryforward is only \$300.

Line 3a. Depletion.—The corporation's depletion deduction must be refigured for AMT purposes. To do so, use only income and deductions allowed for AMT purposes when refiguring the limit based on taxable income from the property under section 613(a) and the limit based on taxable income, with certain adjustments, under section 613A(d)(1). Also, the depletion deduction for mines, wells, and other natural deposits under section 611 is limited to the property's adjusted basis at the end of the year, as refigured for AMT purposes, unless the corporation is an independent producer or royalty owner claiming percentage depletion for oil and gas wells under section 613A(c). Figure this limit separately for each property. When refiguring the property's adjusted basis, take into account any AMT adjustments the corporation made this year or in previous years that affect basis (other than the current year's depletion). Do not include in the property's adjusted basis any unrecovered costs of depreciable tangible property used to exploit the deposits (e.g., machinery, tools, pipes, etc.).

Enter on line 3a the difference between the regular tax and the AMT deduction. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

Note: For iron ore and coal (including lignite), apply the section 291 adjustment before figuring this tax preference item.

Line 3b. Tax-exempt interest from private activity bonds issued after August 7, 1986.—Enter interest earned on specified private activity bonds reduced by any deduction that would have been allowable if the interest were includible in gross income

for regular tax purposes. Generally, a "specified private activity bond" is any private activity bond (as defined in section 141) issued after August 7, 1986. See section 57(a)(5) for exceptions and for more information.

Line 3c. Charitable contributions.—The corporation's charitable contributions deduction must be refigured for AMT purposes. To do so, use only income and deductions allowed for AMT purposes when refiguring the limit based on taxable income under section 170(b)(2). Also, any AMT carryover of charitable contributions is limited to the cost or other basis (instead of fair market value) for any contribution of capital gain or section 1231 property for which the preference for charitable contributions of appreciated property applied. The preference for charitable contributions of appreciated property does not apply to any contribution made after 1992 or to any contribution of tangible personal property made in a tax year beginning after 1990. It also does not apply to contributions of property for which you elected under section 170(b)(1)(C)(iii) to figure the deduction using the property's adjusted basis rather than its fair market value.

Enter on line 3c the difference between the regular tax and the AMT deduction. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

Line 3d. Intangible drilling costs.—If, for regular tax purposes, the corporation elected the optional 60-month writeoff under section 59(e) for all assets in this category, skip this line (no adjustment is necessary).

Intangible drilling costs (IDCs) from oil, gas, and geothermal properties are a tax preference item to the extent that excess IDCs exceed 65% of the net income from the properties. The tax preference item is computed separately for geothermal deposits, and for oil and gas properties that are not geothermal deposits.

"Excess IDCs" are the excess of:

(1) the amount of IDCs the corporation paid or incurred with respect to oil, gas, or geothermal properties that it elected to expense for regular tax purposes under section 263(c) (not including any section 263(c) deduction for nonproductive wells) reduced by the section 291 adjustment for integrated oil companies; over (2) the amount that would have been allowed if the corporation had amortized that amount over a 120-month period starting with the month the well was placed in production.

Note: If the corporation prefers not to use the 120-month period, it can elect to use any method that is permissible in determining cost depletion.

"Net income" is the gross income the corporation received or accrued from all oil, gas, and geothermal wells minus the deductions allocable to these properties (reduced by the excess IDCs). When refiguring net income, use only income and deductions allowed for AMT purposes.

Exception. The preference for IDCs does not apply to corporations that are independent producers (i.e., not integrated oil companies as defined in section 291(b)(4)). However, this benefit may be limited. First, figure the IDC preference as if this exception did not apply. Then, for purposes of this exception,

complete a second Form 4626 through line 6, including the IDC preference. On line 7, enter the corporation's regular tax net operating loss deduction (e.g., if the corporation files Form 1120, this would be line 29a of Form 1120). Subtract the amount on line 7 from line 6, and enter the result on line 8 (if zero or less, enter zero). If the amount of the IDC preference exceeds 30% of the amount figured for line 8, enter the excess on line 3d (the benefit of this exception is limited). If the amount of the IDC preference is equal to or less than 30% of the amount figured for line 8, do not enter an amount on line 3d (the benefit of this exception is not limited).

Line 3e. Reserves for losses on bad debts of financial institutions.—Enter the excess of: (1) the deduction allowable for a reasonable addition to a reserve for bad debts of a financial institution to which section 593 applies (reduced by the section 291 adjustment), over (2) the amount that would have been allowable had the financial institution maintained its bad debt reserve for all tax years on the basis of actual experience.

Line 3f. Accelerated depreciation of real property placed in service before 1987.—Enter the excess of the depreciation claimed for the property for regular tax purposes over the depreciation allowable for AMT purposes as refigured using the straight line method. Figure this amount separately for each property and include only positive adjustments on line 3f. For 15-, 18-, or 19-year real property, use the straight line method over 15, 18, or 19 years, respectively. For low-income housing property, use the straight line method over 15 years.

Line 3g. Accelerated depreciation of leased personal property placed in service before 1987 (personal holding companies only).—For leased personal property, other than recovery property, enter the excess of the depreciation claimed for the property for regular tax purposes over the depreciation allowable for AMT purposes as refigured using the straight line method. Figure this amount separately for each property and include only positive adjustments on line 3g.

For leased recovery property, other than 15-, 18-, or 19-year real property, or low-income housing, enter the amount by which the corporation's depreciation deduction for regular tax purposes is more than the deduction allowable for AMT purposes using the straight line method over the following recovery period:

5-year property 8 years
10-year property 15 years
15-year public utility property 22 years

Adjusted Current Earnings (ACE) Adjustment

Lines 5a through 5e

If you are preparing Form 4626 for a regulated investment company or a real estate investment trust, skip lines 5a through 5e (they do not apply).

Line 5b.—If you are preparing Form 4626 for an affiliated group that has filed a consolidated tax return for the current tax year under the rules of section 1501, you must figure line 5b on a consolidated basis.

The following examples illustrate the manner in which line 4 is subtracted from line 5a to arrive at the amount to enter on line 5b:

Example 1: Corporation A has line 5a ACE of \$25,000. If Corporation A has line 4 pre-adjustment AMTI in the amounts shown below, its line 4 pre-adjustment AMTI and line 5a ACE would be combined as shown below to determine the amount to enter on line 5b:

Line 5a ACE	\$25,000	\$25,000	\$25,000
Line 4 pre-adjustment AMTI	<u>10,000</u>	<u>30,000</u>	<u>(50,000)</u>
Amount to enter on line 5b	\$15,000	\$(5,000)	\$75,000

Example 2: Corporation B has line 5a ACE of negative \$25,000. If Corporation B has line 4 pre-adjustment AMTI in the amounts shown below, its line 4 pre-adjustment AMTI and line 5a ACE would be combined as shown below to determine the amount to enter on line 5b:

Line 5a ACE	\$(25,000)	\$(25,000)	\$(25,000)
Line 4 pre-adjustment AMTI	<u>(10,000)</u>	<u>(30,000)</u>	<u>50,000</u>
Amount to enter on line 5b	\$(15,000)	\$5,000	\$(75,000)

Line 5d.—Section 56(g)(2)(B) provides that a potential negative ACE adjustment (i.e., a negative amount on line 5b multiplied by 75%) is allowed as a negative ACE adjustment on line 5e only to the extent that the corporation's total increases in AMTI from prior year ACE adjustments exceed its total reductions in AMTI from prior year ACE adjustments (line 5d). The purpose of line 5d is to provide a "running balance" of this limitation amount. As such, you must keep adequate records (e.g., a copy of Form 4626 completed at least through line 6) from year to year (even in years in which the corporation does not owe any AMT).

Regulations section 1.56(g)-1(a)(2)(ii) provides that any potential negative ACE adjustment that is not allowed as a negative ACE adjustment in a tax year because of the line 5d limitation may not be used to reduce a positive ACE adjustment in any other tax year.

Combine lines 5d and 5e of the 1992 Form 4626 and enter the result here on line 5d of the 1993 Form 4626. Do not enter a negative amount on line 5d for the reason given in the preceding paragraph.

Example 3: Corporation C, a calendar-year corporation, has ACE and pre-adjustment AMTI in the following amounts for 1990 through 1993:

Year	ACE	Pre-adjustment AMTI
1990	\$700,000	\$800,000
1991	900,000	600,000
1992	400,000	500,000
1993	(100,000)	300,000

Corporation C subtracts its pre-adjustment AMTI from its ACE in each of the years and then multiplies the result by 75% to arrive at the following potential ACE adjustments for 1990 through 1993:

Year	ACE minus pre-adjustment AMTI	Potential ACE adjustment
1990	\$(100,000)	\$(75,000)
1991	300,000	225,000
1992	(100,000)	(75,000)
1993	(400,000)	(300,000)

Under these facts, Corporation C has the following increases or reductions in AMTI from 1990 through 1993:

Year	Increase or (reduction) in AMTI from ACE adjustment
1990	\$0
1991	225,000
1992	(75,000)
1993	(150,000)

Detailed explanation of Example 3:

In 1990, Corporation C was not allowed to reduce its AMTI by any portion of the potential negative ACE adjustment because it had no increases in AMTI from prior year ACE adjustments.

In 1991, Corporation C had to increase its AMTI by the full amount of its potential ACE adjustment. Corporation C was not allowed to use any portion of its 1990 unallowed potential negative ACE adjustment of \$75,000 to reduce any portion of its 1991 positive ACE adjustment of \$225,000 because Regulations section 1.56(g)-1(a)(2)(ii) prevents a negative ACE adjustment that was not allowed under section 56(g)(2) in one tax year from reducing a positive ACE adjustment in any other tax year.

In 1992, Corporation C is allowed to reduce its AMTI by the full amount of its potential negative ACE adjustment because that amount is less than its line 5d limit of \$225,000.

In 1993, Corporation C is allowed to reduce its AMTI by only \$150,000 (i.e., its line 5d limit). Its potential negative ACE adjustment of \$300,000 is limited to its 1991 increase in AMTI of \$225,000 minus its 1992 reduction in AMTI of \$75,000. Furthermore, Regulations section 1.56(g)-1(a)(2)(ii) prevents Corporation C from using the remaining \$150,000 of its potential negative ACE adjustment to reduce positive ACE adjustments in other tax years. Corporation C would complete the relevant portion of its 1993 Form 4626 as follows:

Line	Amount
5a	\$(100,000)
5b	(400,000)
5c	300,000
5d	150,000
5e	(150,000)

Line 7. Alternative tax net operating loss deduction.—The corporation's alternative tax net operating loss deduction (ATNOLD) is the NOL for regular tax purposes under section 172, except that:

1. In the case of a loss year beginning after 1986, the NOL for regular tax purposes from that loss year must be: (a) determined with the AMT adjustments provided in sections 56 and 58, and (b) reduced by the tax preference items determined under section 57 (but only to the extent they increased the NOL determined for regular tax purposes).

2. In applying the rules outlined in section 172(b)(2) (relating to the determination of the amount of carrybacks and carryovers), use

the modification to those rules described in section 56(d)(1)(B)(ii).

3. If, for any tax year beginning before 1987, the corporation had minimum tax that was deferred under section 56(b) (as in effect before the enactment of the Tax Reform Act of 1986) and that deferred tax has not been paid, reduce the amount of NOL carryovers that may be carried over to this year for AMT purposes by the corporation's tax preference items that gave rise to the deferred add-on minimum tax. (Section 701(f)(2)(B) of the Tax Reform Act of 1986.)

4. The corporation's ATNOLD is limited. To compute the ATNOLD limitation, first figure AMTI without regard to the ATNOLD. To do this, use a second Form 4626 as a worksheet. Complete the form through line 6, but when figuring lines 2m, 3a, and 3c, treat line 7 as if it were zero. Multiply line 6 of the second Form 4626 used as a worksheet by 90%. This is the corporation's ATNOLD limitation.

Note: The amount of any NOL that is not deductible for AMT purposes may be carried back or carried over in accordance with the rules outlined in section 172(b). The amount carried back or carried over for AMT purposes is likely to differ from the amount (if any) that is carried back or carried over for regular tax purposes. Keep adequate records for both AMT purposes and regular tax purposes.

Exemption Phase-out Computation

Lines 10a through 10c

Line 10a.—If you are preparing Form 4626 for a member of a controlled group of corporations, any decrease of the tentative exemption amount must be divided equally among the members (unless all of the members consent to an unequal allocation). Subtract your member's share of the \$150,000 floor from your member's share of the combined line 9 AMTI of all members of the controlled group of corporations and enter the difference on line 10a. See section 1561 for additional information.

Line 10c.—All members of a controlled group of corporations are limited to one \$40,000 tentative exemption, which must be divided equally among the members (unless all of the members consent to an unequal allocation). If you are preparing Form 4626 for a member of a controlled group of corporations, reduce that member's share of the \$40,000 tentative exemption by the amount you entered on line 10b.

Line 13. Alternative minimum tax foreign tax credit.—Refigure the foreign tax credit claimed for regular tax purposes as follows:

1. For each separate limitation, recompute both the numerator (foreign source taxable income) and the denominator (worldwide taxable income) of the limitation fraction by taking into account the corporation's AMT adjustments and tax preference items;

2. Substitute line 12 of Form 4626 for the "total U.S. income tax against which the credit is allowed";

3. For each separate limitation, multiply the fraction in 1 above by the amount in 2 above to determine the recomputed limitation;

4. For each separate limitation, take the smaller of the total foreign taxes paid with respect to that separate limitation and the recomputed limitation from 3 above; and

5. Add the credits you recomputed for each separate limitation and enter the result on line 13.

Note: For purposes of determining whether any income is "high-taxed" in applying the separate income category limitations for the AMT foreign tax credit, use the AMT rate instead of the regular rate.

The AMT foreign tax credit is subject to a 90% limit (i.e., the credit cannot be more than the amount on line 12 minus 10% of the amount that would be on that line if Form 4626 were recomputed using zero on line 7 and if the exception for intangible drilling costs under section 57(a)(2)(E) did not apply). The 90% limit does not apply to certain corporations that meet the requirements of section 59(a)(2)(C).

Note: With respect to any separate limitation, any AMT foreign tax credit the corporation cannot claim (because of the limitation fraction or the 90% limit discussed above) may be carried back or carried over in accordance with the rules outlined in section 904(c). However, foreign taxes paid or accrued in a tax year beginning after 1986 that were carried back (for regular tax purposes) to offset tax in a tax year beginning before 1987 may not be used in computing the AMT foreign tax credit for the current tax year.

Note also: The amount of any foreign tax credit that the corporation cannot claim (and can therefore be carried back or carried over) for AMT purposes is likely to differ from the amount (if any) that is carried back or carried over for regular tax purposes. Keep adequate records for both AMT purposes and regular tax purposes.

Line 15.—Enter the corporation's regular tax liability for the tax year (as defined in section 26(b)) minus its foreign tax credit and its possessions tax credit. If you file Form 1120, this is line 3, Schedule J, minus the sum of lines 4a and 4b, Schedule J. Be sure to include any tax on accumulation distribution of trusts you computed on Form 4970. Do not include any increase in tax under section 49(b) or 50(a) due to recapture of investment credit computed on Form 4255 or any increase in tax under section 42(j) or (k) due to recapture of low-income housing credit computed on Form 8611.

Line 17. Environmental tax.—If you are preparing Form 4626 for a regulated investment company or a real estate investment trust, skip line 17 (it does not apply).

Compute the environmental tax as follows:

1. Complete line 1 of Form 4626 without taking into account any environmental tax deduction.

2. Complete lines 2a through 6 of Form 4626.

3. Skip lines 7 through 16 and compute the environmental tax on line 17 of Form 4626.

Note: If you are completing line 17 for a member of a controlled group of corporations, all members of the controlled group are limited to one \$2-million exemption, which must be divided equally among the members (unless all of the members consent to an unequal allocation). See section 1561 for additional information.

Then compute the AMT as follows:

Complete line 1 of Form 4626 taking into account any deduction the corporation is allowed for the environmental tax. Then complete lines 2a through 16 of Form 4626.

ACE Worksheet Instructions

If you are completing this worksheet for an affiliated group that has filed a consolidated tax return for the current tax year under the rules of section 1501, you must determine ACE on a consolidated basis.

Treatment of certain ownership changes.—

If a corporation with a net unrealized built-in loss (within the meaning of section 382(h)) undergoes an ownership change (within the meaning of Regulations section 1.56(g)-1(k)(2)), adjust the adjusted basis of each asset of the corporation (immediately after the ownership change). The new adjusted basis of each asset is its proportionate share (based on respective fair market values) of the fair market value of the corporation's assets (determined under section 382(h)) immediately before the ownership change.

To determine if the corporation has a net unrealized built-in loss, use the aggregate adjusted basis of its assets used for computing its ACE.

Note: Use these new adjusted bases for all future ACE calculations (such as depreciation and gain or loss on disposition of an asset).

Line 2a. Depreciation expense recomputed for AMT purposes.—Enter the depreciation expense you recomputed for AMT purposes (i.e., the total depreciation expense deducted in arriving at the pre-adjustment AMTI reported on line 4 of Form 4626). Generally, the amount entered on this line is: **(a)** the depreciation expense the corporation claimed for regular tax purposes (Form 4562, line 20), modified by **(b)** the AMT depreciation adjustments reported on lines 2a, 3f, and 3g of Form 4626.

Line 2b(i). Post-1993 property.—For property placed in service after December 31, 1993, the ACE depreciation expense is the same as the AMT depreciation expense. Therefore, enter on line 2b(i) the same depreciation expense you entered on line 2a with respect to such property.

Line 2b(ii). Post-1989, pre-1994 property.—The following rules apply to property placed in service in a tax year beginning after 1989, but only to property placed in service before January 1, 1994.

Depreciate the basis of this property using the ADS described in section 168(g). However, for property that is: **(a)** placed in service in a tax year beginning after 1989, and **(b)** described in sections 168(f)(1) through (4), use the same depreciation expense claimed for regular tax purposes and enter it on line 2b(v).

Line 2b(iii). Pre-1990 MACRS property.—The following rules apply to property placed in service in a tax year beginning before 1990 to which the modified accelerated cost recovery system (MACRS) applies (i.e., generally property placed in service in tax years beginning after 1986 and before 1990).

Depreciate the adjusted basis of this property (which, for these purposes, is the adjusted basis of the property for AMT purposes as of the close of the last tax year beginning before 1990) using the straight line

method over the remainder of the recovery period applicable to the property under the ADS of section 168(g). In doing so, use the convention that would have applied to the property under section 168(d). For more information (including an example that illustrates the application of these rules), see Regulations section 1.56(g)-1(b)(2).

Line 2b(iv). Pre-1990 original ACRS property.—The following rules apply to property placed in service in a tax year beginning before 1990 to which the original accelerated cost recovery system (ACRS) applies (i.e., generally property placed in service in tax years beginning after 1980 and before 1987).

Depreciate the adjusted basis of this property (which, for these purposes, is the adjusted basis of the property for regular tax purposes as of the close of the last tax year beginning before 1990) using the straight line method over the remainder of the recovery period applicable to the property under the ADS of section 168(g). In doing so, use the convention that would have applied to the property under section 168(d) (without regard to section 168(d)(3)). For more information (including an example that illustrates the application of these rules), see Regulations section 1.56(g)-1(b)(3).

Line 2b(v). Property described in sections 168(f)(1) through (4).—Use the depreciation expense claimed for regular tax purposes, regardless of when the property was placed in service.

Note: Line 2b(v) takes priority over lines 2b(i), 2b(ii), 2b(iii), and 2b(iv) (i.e., for property that is described in sections 168(f)(1) through (4), use line 2b(v) instead of the line (2b(i), 2b(ii), 2b(iii), or 2b(iv)) that would otherwise apply).

Line 2b(vi). Other property.—Use the depreciation expense claimed for regular tax purposes for property placed in service before 1981 AND property placed in service after 1980, in a tax year beginning before 1990, that is excluded from the application of MACRS by section 168(f)(5)(A)(i) or original ACRS by section 168(e)(4), as in effect before the Tax Reform Act of 1986.

Line 2c. ACE depreciation adjustment.—Subtract line 2b(vii) from line 2a and enter the result on line 2c. If line 2b(vii) exceeds line 2a, enter the difference as a negative amount.

Inclusion In ACE of Items Included In Earnings and Profits (E&P)

Lines 3a through 3f

In general, any income item that is not "taken into account" (defined below) in determining the corporation's pre-adjustment AMTI but that is "taken into account" in determining its E&P must be included in determining ACE. Any such income item may be reduced by all items that relate to that income item and that would be deductible in computing your pre-adjustment AMTI if the income items to which they relate were included in the corporation's pre-adjustment AMTI for the tax year. Examples of adjustments for these income items include: **(i)** interest income from tax-exempt obligations excluded under section 103 minus any costs incurred in carrying these tax-exempt obligations; and **(ii)** proceeds of life insurance contracts excluded under section 101 minus the basis in the contract for purposes of ACE.

Note: Do not make an adjustment for any income from discharge of indebtedness excluded from gross income under section 108 or any corresponding provision of prior law.

An income item is considered "taken into account" without regard to the timing of its inclusion in a corporation's pre-adjustment AMTI or its E&P. Only income items that are "permanently excluded" from pre-adjustment AMTI are included in ACE. An income item will not be considered "taken into account" merely because the proceeds from that item might eventually be reflected in a corporation's pre-adjustment AMTI (e.g., that of a shareholder) on the liquidation or disposal of a business.

Line 3d.—Include in ACE the income on life insurance contracts (as determined under section 7702(g)) for the tax year minus the portion of any premium that is attributable to insurance coverage.

Line 3e.—Do not include any adjustment related to the E&P effects of any charitable contribution (section 56(g)(4)(J)).

Disallowance of Items Not Deductible in Computing E&P

Lines 4a through 4f

Generally, no deduction is allowed in computing ACE for items not "taken into account" (defined below) in computing E&P for the tax year. These amounts increase ACE to the extent they are deductible in computing pre-adjustment AMTI (i.e., they would be positive adjustments). However, there are exceptions. Do not add back: **(i)** any deduction allowable under section 243 or 245 for any dividend that qualifies for a 100% dividends-received deduction under section 243(a), 245(b), or 245(c); and **(ii)** any dividend received from a "20-percent owned corporation" (as defined in section 243(c)(2)), but only to the extent the dividend is attributable to income of the paying corporation that is subject to Federal income tax. Also see sections 56(g)(4)(C)(iii) and (iv) for special rules for dividends from section 936 companies and certain dividends received by certain cooperatives.

An item is considered "taken into account" without regard to the timing of its deductibility in computing pre-adjustment AMTI or E&P. Therefore, only deduction items that are "permanently disallowed" in computing E&P are disallowed in computing ACE.

Items described in Regulations section 1.56(g)-1(e) for which no adjustment is necessary.—Generally, no deduction is allowed for an item in computing ACE if the item is not deductible in computing pre-adjustment AMTI (even if the item is deductible in computing E&P). The only exceptions to this general rule are the related reductions to an income item described in the second sentence of the instructions for lines 3a through 3f above. Deductions that are not allowed in computing ACE include:

- Capital losses in excess of capital gains;
- Bribes, fines, and penalties disallowed under section 162;
- Charitable contributions in excess of the limitations of section 170;
- Meals and entertainment expenses in excess of the limitations of section 274;

- Federal taxes disallowed under section 275; and
- Golden parachute payments in excess of the limitation of section 280G.

Note: *No adjustment is necessary for these items since they were not allowed in computing pre-adjustment AMTI.*

Line 4e.—Do not include any adjustment related to the E&P effects of any charitable contribution (section 56(g)(4)(J)).

Line 5a. Intangible drilling costs.—Except as noted below, for purposes of computing ACE, determine the deduction for intangible drilling costs (as defined in section 263(c)) in the manner provided in section 312(n)(2)(A).

Subtract the recomputed ACE expense (if any) from the expense recomputed for AMT purposes (in arriving at the preference amount to enter on line 3d of Form 4626) and enter the result on line 5a. If the total recomputed ACE expense exceeds the amount recomputed for AMT purposes, enter the result as a negative amount.

Exception. The above rule does not apply to amounts paid or incurred by corporations other than integrated oil companies (as defined in section 291(b)(4)) for tax years beginning after 1992 for any oil or gas well. If this exception applies, do not enter an amount on line 5a.

Line 5b. Circulation expenditures.—*If, for regular tax and AMT purposes, the corporation elected the optional 3-year writeoff under section 59(e) for all of these expenditures, skip this line (no adjustment is necessary).*

For purposes of computing ACE, the amortization provisions of section 173 do not apply to amounts paid or incurred in tax years beginning after 1989. Therefore, for ACE purposes, you must treat circulation expenditures in accordance with the case law that existed before section 173 was enacted.

Subtract the recomputed ACE expense (if any) from the expense claimed for regular tax purposes (or in the case of a personal holding company, from the expense recomputed for AMT purposes in computing the adjustment to enter on line 2d of Form 4626) and enter the result on line 5b. If the total recomputed ACE expense exceeds the amount claimed for regular tax purposes (or in the case of a personal holding company, the amount recomputed for AMT purposes), enter the result as a negative amount.

Line 5c. Organizational expenditures.—For purposes of computing ACE, the amortization provisions of section 248 do not apply to amounts paid or incurred in tax years beginning after 1989. Therefore, for ACE purposes, all organizational expenditures are charged to a capital account and are not taken into account until the corporation is sold or otherwise disposed of.

Enter on line 5c all amortization deductions for organizational expenditures paid or incurred in tax years beginning after 1989 that were taken for regular tax purposes during the tax year.

Line 5d. LIFO inventory adjustments.—The adjustments provided in section 312(n)(4) apply in computing ACE. See Regulations section 1.56(g)-1(f)(3) for more details.

Line 5e. Installment sales.—For any installment sale in a tax year beginning after 1989, the corporation generally cannot use the installment method in computing ACE. However, it may use the installment method with respect to the applicable percentage (as determined under section 453A) of the gain from any installment sale to which section 453A(a)(1) applies.

Subtract the installment sale income reported for AMT purposes from the recomputed ACE income from the sales and enter the result on line 5e. If the recomputed ACE income from the sales is less than the amount reported for AMT purposes, enter the difference as a negative amount.

Line 6. Disallowance of loss on exchange of debt pools.—For purposes of computing ACE, the corporation may not recognize any loss on the exchange of any pool of debt obligations for another pool of debt obligations having substantially the same effective interest rates and maturities. Add back (i.e., enter as a positive adjustment) on line 6 any such loss to the extent recognized for regular tax purposes.

Line 7. Acquisition expenses of life insurance companies for qualified foreign contracts.—For purposes of computing ACE, acquisition expenses of life insurance companies for qualified foreign contracts (as defined in section 807(e)(4) without regard to the treatment of reinsurance contract rules of section 848(e)(5)) must be capitalized and amortized in accordance with the treatment generally required under generally accepted accounting principles (and in such a manner

as if this rule applied to such contracts for all applicable tax years).

Subtract the recomputed ACE expense (if any) from the expense recognized for regular tax purposes and enter the result on line 7. If the total recomputed ACE expense exceeds the amount recognized for regular tax purposes, enter the result as a negative amount.

Line 8. Depletion.—For purposes of computing ACE, the allowance for depletion for any property placed in service in a tax year beginning after 1989 generally must be determined under the cost depletion method of section 611.

Subtract the recomputed ACE expense (if any) from the expense recomputed for AMT purposes (in arriving at the preference amount to enter on line 3a of Form 4626) and enter the result on line 8 of the worksheet. If the total recomputed ACE expense exceeds the amount recomputed for AMT purposes, enter the result as a negative amount.

Exception. Independent oil and gas producers and royalty owners that computed their depletion deduction for regular tax purposes under section 613A(c) do not have an adjustment for ACE purposes. Corporations that take advantage of this exception should not enter an amount on line 8.

Line 9. Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property.—If, during the tax year, the corporation disposed of property for which it is making (or has previously made) any of the ACE adjustments described in section 56(g), recompute the property's adjusted basis for ACE purposes and then recompute the property's gain or loss.

Enter the difference between the gain or loss recomputed for AMT purposes (in arriving at the adjustment to enter on line 2e of Form 4626) and the recomputed gain or loss for ACE purposes. Enter the difference as a negative amount if:

- The gain recomputed for ACE purposes is less than the gain recomputed for AMT purposes, OR
- The loss recomputed for ACE purposes is more than the loss recomputed for AMT purposes, OR
- You recomputed a loss for ACE purposes and recomputed a gain for AMT purposes.

Adjusted Current Earnings Worksheet

▶ See ACE Worksheet Instructions (which begin on page 6).

1 Pre-adjustment AMTI (enter the amount from line 4 of Form 4626)		1	
2 ACE depreciation adjustment:			
a Depreciation expense recomputed for AMT purposes	2a		
b Depreciation expense recomputed for ACE purposes:			
(i) Post-1993 property	2b(i)		
(ii) Post-1989, pre-1994 property	2b(ii)		
(iii) Pre-1990 MACRS property	2b(iii)		
(iv) Pre-1990 original ACRS property	2b(iv)		
(v) Property described in sections 168(f)(1) through (4)	2b(v)		
(vi) Other property	2b(vi)		
(vii) Total depreciation expense recomputed for ACE purposes (add lines 2b(i) through 2b(vi))	2b(vii)		
c ACE depreciation adjustment (subtract line 2b(vii) from line 2a)		2c	
3 Inclusion in ACE of items included in earnings and profits (E&P):			
a Tax-exempt interest income	3a		
b Death benefits from life insurance contracts	3b		
c All other distributions from life insurance contracts (including surrenders)	3c		
d Inside buildup of undistributed income in life insurance contracts	3d		
e Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e		
f Total increase to ACE due to inclusion in ACE of items included in E&P (add lines 3a through 3e)		3f	
4 Disallowance of items not deductible in computing E&P:			
a Certain dividends received	4a		
b Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b		
c Dividends paid to an ESOP that are deductible under section 404(k)	4c		
d Nonpatronage dividends that are paid and deductible under section 1382(c)	4d		
e Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		
f Total increase to ACE due to disallowance of items not deductible in computing E&P (add lines 4a through 4e)		4f	
5 Other adjustments based on rules for computing E&P:			
a Intangible drilling costs	5a		
b Circulation expenditures	5b		
c Organizational expenditures	5c		
d LIFO inventory adjustments	5d		
e Installment sales	5e		
f Total other E&P adjustments (combine lines 5a through 5e)		5f	
6 Disallowance of loss on exchange of debt pools		6	
7 Acquisition expenses of life insurance companies for qualified foreign contracts		7	
8 Depletion		8	
9 Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property		9	
10 Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 5a of Form 4626		10	