



Instructions for Form 6251

Alternative Minimum Tax—Individuals

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

General Instructions

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 2 hr., 17 min.

Learning about the law or the form 1 hr., 10 min.

Preparing the form 1 hr., 23 min.

Copying, assembling, and sending the form to the IRS 20 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.

Changes You Should Note

The alternative minimum tax rate has increased to 24%.

A new energy preference adjustment is allowed to certain taxpayers. See the instructions for line 8.

Beginning in 1991, people with higher incomes may not be able to deduct all of their itemized deductions on Schedule A (Form 1040). This overall limitation is figured on a worksheet in the instructions for line 26 of Schedule A (Form 1040). This limitation does not apply for alternative minimum tax purposes, however. See the instructions for line 3.

For 1991 only, the preference item for the contribution of appreciated property does not apply to the contribution of tangible personal property. See the instructions for line 6a.

Who Must File

Complete Form 6251 to see if the alternative minimum tax (AMT) applies to you. Attach it to your return only if:

- You are liable for the AMT,
- The total of lines 5g through 5r is negative, **or**
- You have certain credits (such as the credit for child and dependent care expenses, the credit for the elderly or the disabled, etc.) that are limited by the amount shown on line 18 (or in some cases, line 20). If this applies to you, attach Form 6251 to your return. The forms used to figure these credits have information on the tentative minimum tax limit.

Additional Information

For more details, get **Pub. 909**, Alternative Minimum Tax for Individuals.

Recordkeeping

For AMT purposes, certain items of income, deductions, etc., receive different tax treatment than for regular tax purposes. Therefore, for the AMT you need to recompute items that you figured for the regular tax. In some cases, you may wish to do this by completing the applicable tax form a second time. If you do complete another form, do not attach it to your tax return.

For the regular tax, some deductions and credits may result in carrybacks or carryforwards to other tax years. Examples are investment interest expense, a net operating loss, a capital loss, and the foreign tax credit. Because you may have to refigure these items for the AMT, the carryback or carryforward amount may be different for the AMT than for the regular tax. Therefore, you should keep records of these different amounts for the AMT and the regular tax. An AMT carryforward amount will be important in completing Form 6251 for the following year.

Partners, Shareholders, etc.

If you are a member of a partnership or a shareholder in an S corporation, the partnership or S corporation will give you information on any adjustments or tax preference items relating to it that you have to take into account for Form 6251.

Nonresident Alien Individuals

If you disposed of U.S. real property interests at a gain, see the instructions for line 44 of **Form 1040NR**, U.S. Nonresident Alien Income Tax Return. You may have to enter a different figure on line 18 of Form 6251 if the amount figured on the worksheet in the instructions for line 44 of Form 1040NR is more than the tentative amount you figured on line 18 of Form 6251.

Credit For Prior Year Minimum Tax

Get **Form 8801**, Credit For Prior Year Minimum Tax—Individuals, if you paid AMT for 1990, or if you had a minimum tax credit carryforward on line 26 of your 1990 Form 8801. If you pay AMT for 1991, you may be able to take a credit on your 1992 Form 8801.

Earned Income Credit

If you have an earned income credit, you must reduce the credit by any AMT.

Optional Write-Off for Certain Adjustments and Tax Preference Items (Section 59(e))

For the regular tax, you may elect to deduct certain adjustment and preference items ratably over a period of time, instead of treating them as adjustments or tax preference items on Form 6251. These items are: circulation expenditures under section 173, research and experimental expenditures under section 174(a), intangible drilling and developmental expenditures under section 263(c), development expenditures under section 616(a), and mining exploration expenditures under section 617(a). You may elect to deduct circulation expenditures over 3 years, intangible drilling and development expenditures over 60 months, and the other items over 10 years.

The election is made in the year of the expenditure. You can revoke it only with the consent of the IRS. If you made the election for one of the above items, do not make an adjustment for that item on Form 6251. See section 59(e) for more details.

Specific Instructions

Line 1

Enter the amount from Form 1040, line 35. If line 35 is less than zero, enter it as a negative amount.

If your taxable income includes an amount from the alcohol fuel credit under section 87, reduce line 1 by the amount of the credit included in income.

Line 3—Overall Itemized Deductions Limitation

The overall limitation of itemized deductions on Schedule A (Form 1040) that applies for regular tax purposes to people with higher incomes does not apply for alternative minimum tax purposes. The amount of the limitation is shown on line 9 of the worksheet for line 26 of Schedule A (Form 1040). Enter that amount on line 3 of Form 6251.

Lines 5a through 5r—Adjustments

Enter all adjustments on lines 5a through 5r as positive amounts, unless otherwise indicated.

Line 5a—Standard Deduction

If you took the standard deduction, enter that amount on line 5a. If you itemized your deductions on Schedule A, do not make an entry on this line.

Line 5b—Medical and Dental Expenses

If you have an entry on line 4 of Schedule A (Form 1040), figure this adjustment as follows:

Step 1. Multiply your adjusted gross income (line 32 of Form 1040) by 2½% (.025).

Step 2. Compare the amount from Step 1 to the amount on line 4 of Schedule A (Form 1040), and enter the smaller amount.

Line 5e—Refund of Taxes

Include any refund from line 10 of Form 1040 that is attributable to state or local income taxes deducted in a tax year after 1986.

Also include on this line any refunds received in 1991 attributable to state or local personal property taxes, or foreign income or real property taxes, deducted in a tax year after 1986. If you include such amounts, you **must** write a description and the amount on the dotted line to the left of the entry space for line 5e. For example, if you include a refund of real property taxes, write "real property" and the amount to the left of the entry space.

Line 5f—Certain Home Mortgage Interest

Include on this line home mortgage interest from line 9a, 9b, or 10 of Schedule A (Form 1040) that is for a mortgage whose proceeds were **not** used to buy, build, or substantially improve your main home or a qualified dwelling that is your second home. See section 163(h)(4).

Exception. If the mortgage was taken out before 7/1/82, do not include on this line interest on the mortgage if it was secured by property that was your main home or a qualified dwelling used by you or a member of your family at the time the mortgage was taken out. See section 56(e)(3).

A qualified dwelling is any house, apartment, condominium, or mobile home not used on a transient basis.

Line 5g—Investment Interest Expense

If you completed **Form 4952**, Investment Interest Expense Deduction, you may have an adjustment on this line. Refigure your investment interest expense on another Form 4952 as follows:

Step 1. Complete line 1 of Form 4952. Follow the Form 4952 instructions for line 1, but add to line 1 any interest expense on line 5f of Form 6251 that was paid or accrued on indebtedness properly attributable to property held for investment within the meaning of section 163(d)(5). An example is interest on a home equity loan whose proceeds were invested in preferred stock, which is deductible as home mortgage interest expense for regular tax purposes, but not for alternative minimum tax purposes. Add to this amount any interest expense that would have been deductible if interest earned on specified private activity bonds issued after 8/7/86 had been includible in gross income.

Step 2. Enter your **AMT** disallowed investment interest expense from 1990 on line 2.

Step 3. Complete line 3.

Step 4. When completing line 4, recompute your gross investment income, any net gain attributable to the disposition of property held for investment, and any investment expenses taking into account all AMT adjustments and tax preference items that apply. Include any interest income and investment expenses from private activity bonds issued after 8/7/86. Complete lines 5 and 6.

Enter on line 5g the difference between line 6 of your AMT Form 4952 and line 6 of the Form 4952 completed for regular tax purposes. If your investment interest expense allowed for the AMT is more than that allowed for the regular tax, enter the difference as a negative amount.

Note: If you took the standard deduction instead of itemizing your deductions, and you had investment interest expense, do not enter an amount on line 5g unless you reported investment interest expense on Schedule E. If you did, follow the steps above for completing Form 4952. Allocate the investment interest expense allowed on line 6 of the AMT Form 4952 in the same way you did for the regular tax. Enter on line 5g the difference between the amount allowed on Schedule E for the regular tax and the amount allowed on Schedule E for the AMT.

Line 5h—Depreciation of Tangible Property Placed in Service After 1986 (or After 7/31/86 if Election Was Made Under the Transitional Provision of Section 203(a)(1) of the Tax Reform Act of 1986)

Caution: Do not include on this line any depreciation adjustment from: (1) an activity for which you are not at risk; (2) amounts received from a partnership or an S corporation if the basis limitations under section 704(d) or 1366(d) apply; (3) a passive activity; or (4) a tax shelter farm activity. Instead, take these depreciation adjustments into account when figuring the amount to enter on line 5o, 5p, or 5q, whichever applies.

For the AMT, the depreciation deduction must be recomputed using the alternative depreciation system described in section 168(g) for tangible property 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.

2. For any tangible property (other than the property described in 1 above) that is depreciated using the straight line method for regular tax purposes, recompute your depreciation using the straight line method over the property's class life (explained below).

3. For all other tangible property, use the 150% declining balance method over the property's class life, switching to the straight line method in the first tax year it yields a larger deduction.

In applying the above rules:

1. Use the same convention you used for regular tax purposes;

2. The "class life" to be used for AMT purposes has a different meaning than the recovery period used for regular tax purposes (although these periods could be the same in some instances). The class lives you need to use for AMT purposes can be found 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;

3. See Rev. Proc. 87-57, 1987-2 C.B. 687 for optional tables (14 through 18) that can be used in computing

depreciation for AMT purposes. (These optional tables have been reproduced in Pub. 534.); and

4. Do not make an adjustment for property depreciated under the units-of-production method, or any other method not expressed in terms of years. See section 168(f)(1), (2), (3), or (4).

Enter on line 5h the difference between the recomputed depreciation for AMT purposes and the depreciation deducted for regular tax purposes. If the depreciation figured for the AMT is more than the depreciation deducted for the regular tax, enter the difference as a negative amount.

If depreciation is capitalized to inventory under the uniform capitalization rules, refigure the inventory using the rules discussed above.

Line 5i—Circulation Expenditures and Research and Experimental Expenditures Paid or Incurred After 1986

Caution: Skip this line if, for regular tax purposes, you elected to take the optional 3-year write-off period for circulation expenditures, or the optional 10-year write-off period for research and experimental expenditures under section 59(e).

Circulation expenditures incurred after 1986.—For regular tax purposes, section 173 allows circulation expenditures to be deducted in full in the tax year they were paid or incurred. However, for the AMT these expenditures must be capitalized and amortized over 3 years beginning with the year the expenditures were paid or incurred. Refigure these circulation expenditures for the AMT. Enter on line 5i the difference between your recomputed AMT expense and the expense claimed for regular tax purposes. If the current year deduction for the AMT is more than that figured for the regular tax, enter the difference as a negative amount.

Research and experimental expenditures incurred after 1986.—Research and experimental expenditures deducted during the current year for the regular tax under section 174(a) must be capitalized and amortized over 10 years for the AMT. Refigure these expenditures for the AMT and enter the adjustment on line 5i. Figure the adjustment in the same manner as described above for circulation expenditures.

If you had a loss on property for which a deduction for circulation or research and experimental expenditures was allowed for regular tax purposes, see section 56(b)(2)(B).

Line 5j—Mining Exploration and Development Costs Paid or Incurred After 1986

Caution: Skip this line if, for the regular tax, you elected to take the optional 10-year write-off under section 59(e).

The deduction you claimed for regular tax purposes under sections 616(a) and 617(a) is not allowed for AMT purposes. Instead, you must capitalize such costs and amortize them ratably over a 10-year period beginning with the tax year in which they were paid or incurred.

Enter on line 5j the difference between your recomputed AMT expense and the expense you claimed for regular tax purposes. If your recomputed AMT expense is greater than the expense you claimed for regular tax purposes, enter the difference as a negative amount.

If you had a loss on property for which a deduction for mining exploration and development costs was allowed for regular tax purposes, see section 56(a)(2)(B).

Line 5k—Long-Term Contracts Entered Into After 2/28/86

For AMT purposes, you must use the percentage of completion method rules described in section 460(b) to determine your taxable income from any “long-term contract” (defined in section 460(f)) you entered into after 2/28/86. However, this rule does not apply to any “home construction contract” (as defined in section 460(e)(6)) you entered into after 6/20/88 if you meet the 2-year estimated completion requirement of section 460(e)(1)(B)(i) and the \$10 million ceiling on average annual gross receipts requirement of section 460(e)(1)(B)(ii).

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

Enter on line 5k the difference between the income you reported for regular tax purposes and the income you recomputed for AMT purposes. If the amount reportable for the AMT is less than that reported for the regular tax, enter the difference as a negative amount.

Line 5l—Pollution Control Facilities Placed in Service After 1986

The election under section 169 to amortize the basis of a certified pollution control facility over a 60-month period is not available for AMT purposes.

Instead, the deduction is determined using the alternative depreciation system and the class life asset depreciation range for the facility under the straight line method.

Enter on line 5l the difference between your recomputed AMT deduction and

the deduction you claimed under section 169 for regular tax purposes. If the amount allowed for AMT is more than the amount allowed for regular tax, enter the difference as a negative amount.

Line 5m—Installment Sales of Certain Property

For any disposition of inventory (as defined in section 1221(1)) after 3/1/86, the installment method of accounting cannot be used in determining income for AMT purposes (except for certain dispositions of timeshares or residential lots if you made an election to pay interest under section 453(l)(2)(B)).

Application of rules in computing adjustment:

Dealer dispositions.—For dealer dispositions occurring after 3/1/86 but before 1/1/88, you will have adjustments for those dispositions if you used the installment method for regular tax purposes but were required for AMT purposes to report the entire gain in the year of disposition. Enter as a negative amount on line 5m the income you reported for regular tax purposes for the current year for those dispositions.

For dealer dispositions occurring after 1987, generally no adjustments are necessary because the installment method of accounting generally cannot be used for either regular tax purposes or for AMT purposes.

Nondealer dispositions.—For nondealer dispositions occurring after 3/1/86, but before the first day of your tax year that began in 1987, you will have adjustments for those dispositions if you used the installment method for regular tax purposes but were required for AMT purposes to report the entire gain in the year of disposition. Enter as a negative amount on line 5m the income you reported for regular tax purposes for the current year for those dispositions.

For nondealer dispositions occurring on or after the first day of your tax year that began in 1987, generally no adjustments are necessary since you are allowed to use the installment method of accounting for both regular tax purposes and AMT purposes.

Line 5n—Adjusted Gain or Loss and Incentive Stock Options

Use this line to report:

1. Any AMT adjustment resulting from the recomputation of a gain or loss from the sale or exchange of property during the year, or from the recomputation of a casualty gain or loss to business or income-producing property; and

2. Any AMT adjustment from the exercise of incentive stock options after 1987.

Recomputed gain or loss.—For item 1 above, this line can apply only if you reported gain or loss on **Form 4797, Sales of Business Property, Schedule D**

(Form 1040), or Section B of **Form 4684**, Casualties and Thefts. Recompute your gain or loss for those forms. When figuring your adjusted basis, take into account any AMT adjustment you made this year or in previous years for items related to lines 5h, 5i, 5j, and 5l of Form 6251. Enter on line 5n the difference between the gain or loss reported for the regular tax and that figured for the AMT. If the gain recomputed for AMT purposes is less than the gain computed for regular tax purposes, **or** if the loss recomputed for AMT purposes is more than the loss computed for regular tax purposes, **or** if you recomputed a loss for AMT purposes and computed a gain for regular tax purposes, enter the difference as a negative amount.

Incentive stock options.—The rules of section 421 that give favorable tax treatment to incentive stock options do not apply for AMT purposes to stock received from options exercised after 1987. Instead, the rules of section 83 apply. Include as an adjustment on line 5n the difference between the amount reported as income for regular tax purposes from the exercise of these options, if any, and that reportable as income under section 83. Generally, the adjustment is the excess of the fair market value of the stock on the date you exercised the option over the option price.

If you acquired stock by exercising an incentive stock option and you disposed of that stock in the same year, the regular tax and AMT treatments are the same.

Line 5o—Certain Loss Limitations

Caution: For passive activities, use line 5q instead. For tax shelter farm activities (that are not passive), use line 5p.

Refigure your gains and losses from activities for which you are not at risk and basis limitations applicable to partnerships and S corporations by taking into account your AMT adjustments and tax preference items. See sections 59(h), 465, 704(d), and 1366(d).

Caution: To avoid duplication, any AMT adjustment or tax preference item taken into account on this line should not be taken into account in figuring the amount to enter on any other line of this form.

Enter on line 5o the difference between the amount that would be reported for the activity on Schedule C, E, F, or **Form 4835**, Farm Rental Income and Expenses, for AMT purposes and the amount that was reported for the activity on that form or schedule for regular tax purposes.

Note: The AMT amount of any gain or loss from activities for which you are not at risk is likely to differ from the amount for regular tax purposes. Your basis in partnerships and S corporations for AMT

purposes is also likely to differ from your basis for regular tax purposes. Therefore, it is essential that you keep adequate records for both AMT and regular tax purposes.

Enter any adjustment for amounts reported on Schedule D, Form 4684, or Form 4797 for the activity on line 5n instead of line 5o. See the instructions for line 5n.

Line 5p—Tax Shelter Farm Loss

Complete line 5p only if you have 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 with your other passive activities on line 5q below.

Recompute all gains and losses you reported for regular tax purposes from tax shelter farm activities by taking into account your AMT adjustments and tax preference items.

Caution: To avoid duplication, any AMT adjustment or tax preference item taken into account on this line should not be taken into account in figuring the amount to enter on any other line of this form.

Determine your tax shelter farm activity gain or loss for AMT purposes using the same rules you used for regular tax purposes with the following modifications. No recomputed loss is allowed, except to the extent you are insolvent (see section 58(c)(1)). A recomputed loss may not be used in the current tax year to offset gains from other tax shelter farm activities. Instead, any recomputed loss must be suspended and carried forward indefinitely until: **(1)** you have a gain in a subsequent tax year from that same tax shelter farm activity, **or** **(2)** you dispose of the activity.

Note: The amount of any tax shelter farm activity loss that is not deductible and is carried forward for AMT purposes is likely to differ from the amount, if any, that is carried forward for regular tax purposes. Therefore, it is essential that you keep adequate records for both AMT and regular tax purposes.

Enter on line 5p the difference between the amount that would be reported for the activity on Schedule E, F, or Form 4835 for AMT purposes and the amount that was reported for the activity on that form or schedule for regular tax purposes.

Enter any adjustment for amounts reported on Schedule D, Form 4684, or Form 4797 for the activity on line 5n instead of line 5p. See the instructions for line 5n.

Line 5q—Passive Activity Loss

Your passive activity gains and losses must be refigured for the AMT by taking into account all AMT adjustments, tax preference items, and any AMT prior

year unallowed losses that apply to that activity. You may wish to fill out a second **Form 8582**, Passive Activity Loss Limitations, to determine your passive activity loss allowed for AMT purposes, but do not file the second Form 8582.

Example. Assume you are a partner in a partnership and the Schedule K-1 (Form 1065) you received shows the following:

- A passive activity loss of (\$4,125),
- A depreciation adjustment of \$500 on property placed in service after 1986, and
- A tax preference item of \$225 for accelerated depreciation on property placed in service before 1987.

Because the depreciation adjustment and the depreciation tax preference item are deductions that are allowed for the AMT, you must first reduce the passive activity loss by those amounts. The result is a passive activity loss for the AMT of (\$3,400). You would then enter this amount on Worksheet 2 of the AMT Form 8582 and refigure the allowable passive activity loss for AMT purposes.

Note: The amount of any passive activity loss that is not deductible and is carried forward for AMT purposes is likely to differ from the amount, if any, that is carried forward for regular tax purposes. Therefore, it is essential that you keep adequate records for both AMT and regular tax purposes.

Enter on line 5q the difference between the amount that would be reported for the activity on Schedule C, E, F, or Form 4835 for AMT purposes and the amount that was reported for the activity on that form or schedule for regular tax purposes.

Enter any adjustment for amounts reported on Schedule D, Form 4684, or Form 4797 for the activity on line 5n instead of line 5q. See the instructions for line 5n.

Caution: To avoid duplication, any AMT adjustment or tax preference item taken into account on this line should not be taken into account in figuring the amounts to enter on any other line of this form.

Publicly Traded Partnership (PTP).—If you had losses from a PTP, you will have to refigure the loss using any AMT adjustments, tax preference items, and any AMT prior year unallowed loss.

Tax shelter passive farm activities.—Refigure any gain or loss from a tax shelter passive farm activity taking into account all AMT adjustments, tax preference items, and AMT prior year unallowed losses. If the amount is a gain, it can be included on the AMT Form 8582, but if it is a loss, the adjustment for the tax shelter passive farm activity is the loss you reported for regular tax purposes. The AMT loss to carry forward is the refigured AMT loss.

Insolvency.—If at the end of the tax year your liabilities exceed the fair market value of your assets, increase your passive activity loss allowed by that excess (but not more than your total loss). See section 58(c)(1).

Line 5r—Beneficiaries of Estates and Trusts

Enter on this line the amount from line 8 of your Schedule K-1 (Form 1041). This is your share of the distributable alternative minimum taxable income from the estate or trust.

Lines 6a through 6g—Tax Preference Items

Enter all tax preference items on lines 6a through 6g as positive amounts. When you refigure an item for AMT and the AMT amount is more than that figured for the regular tax, do not enter an amount on the line.

Line 6a—Appreciated Property Charitable Deduction

Enter the amount by which your contribution deduction would be reduced if all capital gain and section 1231 property that is not tangible personal property was taken into account at its cost or other basis (rather than its fair market value).

Do not make an adjustment for carryforwards of charitable contributions made before 8/16/86. Also, do not include property for which you elected under section 170(b)(1)(C)(iii) to figure the contribution deduction using the property's adjusted basis rather than its fair market value.

Line 6b—Tax-Exempt Interest From Private Activity Bonds Issued After 8/7/86

Enter interest you 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, the term "specified private activity bonds" means any private activity bond (as defined in section 141) issued after 8/7/86. See section 57(a)(5) for exceptions and more details.

Exempt-interest dividends paid by a regulated investment company are treated as interest on a specified private activity bond to the extent the company received interest on the bond.

If you are filing Form 8814, Parent's Election To Report Child's Interest and Dividends, any tax-exempt interest from line 1b of that form that is a tax preference item must be included on line 6b.

Line 6c—Depletion

In the case of mines, wells, and other natural deposits, enter on line 6c the amount by which your depletion

deduction under section 611 exceeds the adjusted basis of the property at the end of your tax year. In computing your year-end adjusted basis, use the rules of section 1016. However, do not reduce the adjusted basis by the current year's depletion.

Figure the excess amount separately for each property. If the depletion deduction for any property does not exceed the adjusted basis at year-end, do not include a tax preference amount for that property.

Line 6d—Accelerated Depreciation of Real Property Placed in Service Before 1987

For AMT purposes, you must use the straight line method to figure depreciation on this property. Enter on line 6d the excess of the depreciation taken on this property for the regular tax over the depreciation as refigured for the AMT (using the straight line method). Figure this amount separately for each property and include only positive amounts on line 6d. For 15-, 18-, or 19-year real property, use the straight line method over 15, 18, or 19 years. For low-income housing property, use the straight line method over 15 years.

Line 6e—Accelerated Depreciation of Leased Personal Property Placed in Service Before 1987

For AMT purposes, you must use the straight line method to figure depreciation on this leased property. Enter on line 6e the excess of the depreciation taken for the regular tax over the depreciation as refigured for the AMT (using the straight line method). Figure this amount separately for each property and include only positive amounts on line 6e.

For leased recovery property, other than 15-, 18-, or 19-year real property, or low-income housing, enter the amount by which your depreciation deduction figured for the regular tax exceeds the deduction allowable using the straight line method with a half-year convention, no salvage value, and the following recovery period:

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

Line 6f—Amortization of Certified Pollution Control Facilities Placed in Service Before 1987

The election under section 169 to amortize the basis of a certified pollution control facility over a 60-month period is not available for AMT purposes. If the election was made for regular tax purposes, compute the adjustment by subtracting the depreciation deduction you would have been allowed under

section 167 from the current year amortization deduction.

Line 6g—Intangible Drilling Costs

Note: If, for regular tax purposes, you elected the optional 60-month write-off under section 59(e) for all property in this category, skip this line. No adjustment is necessary.

Intangible drilling costs (IDCs) from oil, gas, and geothermal wells are a tax preference item to the extent that the "excess IDCs" exceed 65% of the "net income" from the wells. The tax preference item is computed separately for oil and gas properties and for geothermal properties.

Excess IDCs are computed as follows: Figure the amount of your IDCs allowed for regular tax purposes under section 263(c), but do not include any section 263(c) deduction for nonproductive wells. Then, subtract the amount that would have been allowed had you amortized that amount over a 120-month period starting with the month the well was placed in production.

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

Net income is determined by taking the gross income that you received or accrued during the tax year from all oil, gas, and geothermal wells and reducing it by the deductions allocable to these properties (reduced by the excess IDCs).

Note: When refiguring net income, use only income and deductions allowed for AMT purposes.

Line 8—Energy Preference Adjustment

For certain taxpayers other than integrated oil companies, an adjustment is allowed based on certain energy preference deductions. The amount entered on line 8 may not be more than 40% of line 7. See section 56(h) and Pub. 909 for details.

Line 10—Alternative Tax Net Operating Loss Deduction (ATNOLD)

The ATNOLD is the aggregate of the alternative tax net operating loss (ATNOL) carryovers and carrybacks to the tax year, subject to the limitation explained below. Your ATNOLD is figured as follows:

For loss years beginning after 1986, your ATNOL is the excess of the deductions allowed for computing alternative minimum taxable income (AMTI) (excluding the ATNOLD) over the income included in computing AMTI. This excess is computed with the modifications contained in section

172(d), taking into account the adjustments in sections 56 and 58 and the preferences in section 57 (i.e., the section 172(d) modifications should be separately computed in figuring the ATNOL). For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be separately computed in figuring the ATNOL, using only nonbusiness income and deductions that are included in computing AMTI.

For loss years beginning before 1987, see section 56(d)(2)(B) to refigure your ATNOLD.

Your ATNOLD may be limited. To compute the ATNOLD limitation, first multiply line 7 by 90%. Then, reduce the result by the amount, if any, on line 8. Enter the smaller of the ATNOLD or the ATNOLD limitation on line 10. Any ATNOL not used because of the ATNOLD limitation can be carried back or forward. See section 172(b) for details. The treatment of ATNOLs does not affect your regular tax NOL.

Note: If you elected under section 172(b)(3) to forego the carryback period for regular tax purposes, the election will also apply for the AMT.

Line 11—Alternative Minimum Taxable Income

If you are married filing a separate return and the amount on line 11 is more than \$155,000, you must enter the amount from line F below on line 11 instead.

- A. Enter the amount from line 11 . . . _____
- B. Maximum amount \$155,000
- C. Subtract line B from line A . . . _____
- D. Multiply line C by 25% (.25) . . . _____
- E. Enter the **smaller** of line D or \$20,000. _____
- F. Add lines A and E. Enter here and replace the amount on line 11 of Form 6251 with this amount . . . _____

Line 16—Exemption

If you are completing this form for a child who was under age 14 on January 1, 1992, and at least one of the child's parents was alive on December 31, 1991, use the worksheet below to figure the amount to enter on line 16. To the left of the entry space on line 16, write "Exemption Worksheet."

Line 16 Worksheet For Computing Minor Child's Alternative Minimum Tax Exemption

- A. Enter the amount from line 12 . . . _____
- B. Enter the amount from line 15 . . . _____
- C. Subtract line B from line A. If zero or less, enter -0- _____

- D. **Earned income.** Enter the child's earned income (see below) . . . _____
- E. **Exemption.** Enter the greater of \$1,000 or the child's share of the unused parental minimum tax exemption, if any (see below) . . . _____
- F. Add lines D and E _____
- G. Enter the **smaller** of line C or line F here and on line 16 _____

Earned income.—Earned income includes wages, tips, and other payments received for personal services performed. Generally, earned income is the amount reported on Form 1040, line 7; Form 1040A, line 7; or Form 1040NR, lines 8, 13, and 20. Earned income also includes the amount from line 31 of Schedule C for statutory employees. See the instructions for Schedule C (Form 1040).

Note: If the child is self-employed, earned income also includes the amount from Schedule SE, Section A, line 3, or Section B, lines 3 and 4b, minus any amount reported on Form 1040, line 25.

Exemption.—The unused parental minimum tax exemption is the excess, if any, of the parent's minimum tax exemption over the parent's AMTI. The child's share is determined by dividing the child's AMTI by the sum of the AMTI of all of the parent's children under age 14 and multiplying the result by the unused parental minimum tax exemption. See section 59(j). If the child's parents are married and file separate returns, the above rule applies to the parent with the greater AMTI. If the child's parents are not married, the above rule applies to the custodial parent.

Line 19—Alternative Minimum Tax Foreign Tax Credit

Your AMT foreign tax credit is your foreign tax credit refigured as follows:

1. Complete and attach a separate **Form 1116**, Foreign Tax Credit, for each separate limitation specified at the top of Form 1116 to help you determine your AMT foreign tax credit. Write across the top of each Form 1116—"Alt. Min. Tax."
2. Complete Part I using only income and deductions allowed for AMT purposes attributable to sources outside the United States.
3. Complete Part III, but do not enter on line 9 any taxes taken into account in a tax year beginning after 1986 that are treated under section 904(c) as paid or accrued in a tax year beginning before

1987. Enter on line 10 of Form 1116 your alternative minimum foreign tax credit carryover, and on line 17 of Form 1116, enter the alternative minimum taxable income from line 11 of Form 6251. On line 19 of Form 1116, enter the amount from line 18 of Form 6251.

4. Complete Part IV of Form 1116. The foreign tax credit from line 32 of Form 1116 used for AMT purposes is limited to the tax on line 18 of Form 6251 minus 10% of what the tax on line 18 would have been if lines 8 and 10 of Form 6251 had been zero. If you have no entry on both lines 8 and 10 of Form 6251, enter on line 19 of Form 6251 the smaller of 90% of line 18 of Form 6251 or the amount from line 32 of Form 1116. If either line 8 or 10 of Form 6251 has an amount, for purposes of this line, recompute what your tax on line 18 would have been if lines 8 and 10 were zero. Multiply that amount by 10% and subtract the result from the tax on line 18. Enter the smaller of that amount or the amount from line 32 of Form 1116 on line 19 of Form 6251.

If your foreign tax credit is limited for AMT purposes, the unused amount can be carried back or forward according to section 904(c).

Line 21—Regular Tax

Enter the amount from Form 1040, line 38 plus any tax from Form 4970 entered on line 39 of Form 1040. Subtract from that amount any foreign tax credit entered on line 43 of Form 1040. Enter the result on line 21.

Line 22—Alternative Minimum Tax

If you are completing this form for a child who was under age 14 on 1/1/92 (the line 16 worksheet was completed), and line 20 is more than line 21, get **Form 8803**, Limit on Alternative Minimum Tax for Children Under Age 14. Using Form 8803 may reduce or eliminate the child's AMT if:

- The child's parent has regular tax that is more than the parent's tentative minimum tax (line 21 is more than line 20 if the parent completed Form 6251); **or**
- Another child of the parent who was under age 14 on 1/1/92 has regular tax that is more than that child's tentative AMT.

If you attach Form 8803, Form 6251 must also be attached, even if you are not liable for the AMT.