

Line 35 computation:**Line 35.** Figure the tax attributable to the remaining special allowance as follows:

A. Taxable income	305,000
B. Tax on line A. for Form 1040 or 1040-SR, use the Tax Table, Tax Computation Worksheet, or other appropriate method you used to figure your tax. For Form 1041, use the Tax Rate Schedules, the Qualified Dividends Tax Worksheet, or Schedule D, whichever applies	78,105
C. Enter \$25,000 (\$12,500 if married filing a separate return and you and your spouse lived apart at all times during the year)	25,000
D. Enter amount, if any, from Form 8582, line 10	-0-
E. Enter amount, if any, from Form 8582, line 14	-0-
F. Subtract lines D and E from line C	25,000
G. Subtract line F from line A	280,000
H. Tax on line G. for Form 1040 or 1040-SR, use the Tax Table, Tax Computation Worksheet, or other appropriate method you used to figure your tax. For Form 1041, use the Tax Rate Schedules, the Qualified Dividends Tax Worksheet, or Schedule D, whichever applies	69,855
I. Subtract line H from line B	8,250
J. Add lines 16 and 30 of Form 8582-CR and enter the total	-0-
K. Tax attributable to the remaining special allowance. Subtract line J from line I. Enter the result on Form 8582-CR, line 35	8,250

Note. When using taxable income in the above computation, it isn't necessary to refigure items that are based on a percentage of adjusted gross income

Step 5. Mr. Jones completes Form 8582-CR, Part V.

Part V Passive Activity Credit Allowed

37	Passive Activity Credit Allowed. Add lines 6, 16, 30, and 36. See instructions to find out how to report the allowed credit on your tax return and how to allocate allowed and unallowed credits if you have more than one credit or credits from more than one activity. If you have any credits from a publicly traded partnership, see Publicly Traded Partnerships (PTPs) in the instructions.	37	8,250
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Step 6. After completing Form 8582-CR, Mr. Jones determines his allowed and unallowed credit. Because he has only one type of credit from a single passive activity, his allowed low-income housing credit for 2019 is the amount on line 37, or \$8,250. His unallowed credit of \$3,750 is determined by subtracting the allowed credit on line 37 from the total credit on line 5 (\$12,000 – \$8,250).

Step 7. Mr. Jones enters the allowed passive activity credit of \$8,250 on Form 3800, line 33, and completes the rest of that form according to the Instructions for Form 3800. The unallowed credit of \$3,750 is carried forward and used to figure the passive activity credit allowed for 2020.