

## Credit for Prior Year Minimum Tax— Individuals, Estates, and Trusts

▶ See instructions on pages 3 and 4.  
 ▶ Attach to Form 1040, 1040NR, or 1041.

Identifying number

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

<p><b>1</b> Combine lines 1, 6, and 10 of your 2002 Form 6251. Estates and trusts, see instructions . . .</p> <p><b>2</b> Enter adjustments and preferences treated as exclusion items (see instructions) . . . . .</p> <p><b>3</b> Minimum tax credit net operating loss deduction (see instructions) . . . . .</p> <p><b>4</b> Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$173,000 and you were married filing separately for 2002, see instructions . . . . .</p> <p><b>5</b> Enter: \$49,000 if married filing jointly or qualifying widow(er) for 2002; \$35,750 if single or head of household for 2002; or \$24,500 if married filing separately for 2002. Estates and trusts, enter \$22,500 . . . . .</p> <p><b>6</b> Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2002; \$112,500 if single or head of household for 2002; or \$75,000 if married filing separately for 2002. Estates and trusts, enter \$75,000 . . . . .</p> <p><b>7</b> Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9 . . . . .</p> <p><b>8</b> Multiply line 7 by 25% (.25) . . . . .</p> <p><b>9</b> Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions . . . . .</p> <p><b>10</b> Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions . . . . .</p> <p><b>11</b> • If for <b>2002</b> you reported capital gain distributions directly on Form 1040, line 13, or had a gain on both lines 16 and 17 of Schedule D (Form 1040) (lines 15a and 16, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 48 here. }          • <b>All others:</b> If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result. }</p> <p><b>12</b> Minimum tax foreign tax credit on exclusion items (see instructions) . . . . .</p> <p><b>13</b> Tentative minimum tax on exclusion items. Subtract line 12 from line 11 . . . . .</p> <p><b>14</b> Enter the amount from your 2002 Form 6251, line 34, or 2002 Form 1041, Schedule I, line 55</p> <p><b>15</b> <b>Net minimum tax on exclusion items.</b> Subtract line 14 from line 13. If zero or less, enter -0-</p>	<p><b>1</b></p> <p><b>2</b></p> <p><b>3</b> (      )</p> <p><b>4</b></p> <p><b>5</b></p> <p><b>6</b></p> <p><b>7</b></p> <p><b>8</b></p> <p><b>9</b></p> <p><b>10</b></p> <p><b>11</b></p> <p><b>12</b></p> <p><b>13</b></p> <p><b>14</b></p> <p><b>15</b></p>	
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### **Part II** Minimum Tax Credit and Carryforward to 2004

<p><b>16</b> Enter the amount from your 2002 Form 6251, line 35, or 2002 Form 1041, Schedule I, line 56</p> <p><b>17</b> Enter the amount from line 15 above . . . . .</p> <p><b>18</b> Subtract line 17 from line 16. If less than zero, enter as a negative amount . . . . .</p> <p><b>19</b> <b>2002 minimum tax credit carryforward.</b> Enter the amount from your 2002 Form 8801, line 26</p> <p><b>20</b> Enter the total of your 2002 unallowed nonconventional source fuel credit and 2002 unallowed qualified electric vehicle credit (see instructions) . . . . .</p> <p><b>21</b> Combine lines 18, 19, and 20. If zero or less, <b>stop here</b> and see instructions . . . . .</p> <p><b>22</b> Enter your 2003 regular income tax liability minus allowable credits (see instructions) . . . . .</p> <p><b>23</b> Enter the amount from your 2003 Form 6251, line 33, or 2003 Form 1041, Schedule I, line 54. . . . .</p> <p><b>24</b> Subtract line 23 from line 22. If zero or less, enter -0- . . . . .</p> <p><b>25</b> <b>Minimum tax credit.</b> Enter the <b>smaller</b> of line 21 or line 24. Also enter this amount on your 2003 Form 1040, line 52; Form 1040NR, line 48; or Form 1041, Schedule G, line 2d . . . . .</p> <p><b>26</b> <b>Minimum tax credit carryforward to 2004.</b> Subtract line 25 from line 21. Keep a record of this amount because you may use it in future years . . . . .</p>	<p><b>16</b></p> <p><b>17</b></p> <p><b>18</b></p> <p><b>19</b></p> <p><b>20</b></p> <p><b>21</b></p> <p><b>22</b></p> <p><b>23</b></p> <p><b>24</b></p> <p><b>25</b></p> <p><b>26</b></p>	
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**Part III Tax Computation Using Maximum Capital Gains Rates**

**Caution:** If you did not complete Schedule D (Form 1040) for 2002 because you reported capital gain distributions directly on Form 1040, line 13, or your 2002 taxable income was zero or less, see the instructions before completing this part.

**Caution:** For a fiscal year taxpayer with a **prior** tax year that ends in 2003, the amount on line 48 cannot exceed the amount figured under section 55(b)(3) (maximum rate of tax on net capital gain) or, if applicable, section 301(c) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (see instructions).

27	Enter the amount from line 10 . . . . .				27
28	Enter the amount from line 23 of your 2002 Schedule D (Form 1040) (line 21 of the 2002 Schedule D (Form 1041)) or line 9 of your 2002 Schedule D Tax Worksheet* . . . . .	28			
29	Enter the amount from line 19 of your 2002 Schedule D (Form 1040), or line 15d, column (2), of the 2002 Schedule D (Form 1041) . . . . .	29			
30	If you did not complete the 2002 Schedule D Tax Worksheet, enter the amount from line 28. Otherwise, add lines 28 and 29, and enter the <b>smaller</b> of that result or the amount from line 4 of your 2002 Schedule D Tax Worksheet . . . . .	30			
31	Enter the <b>smaller</b> of line 27 or line 30 . . . . .				31
32	Subtract line 31 from line 27 . . . . .				32
33	If line 32 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 32 by 26% (.26). Otherwise, multiply line 32 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result . . . . . ▶				33
34	Enter the amount from line 28 of your 2002 Schedule D (Form 1040) (line 26 of the 2002 Schedule D (Form 1041)) or line 16 of your Schedule D Tax Worksheet.* Enter -0- if you did not complete Part IV of your 2002 Schedule D (Form 1040) (Part V of 2002 Schedule D (Form 1041)) . . . . .	34			
35	Enter the <b>smaller</b> of line 27 or line 28 . . . . .	35			
36	Enter the <b>smaller</b> of line 34 or line 35 . . . . .	36			
37	Enter the amount from your 2002 Schedule D (Form 1040), line 29 (or 2002 Schedule D (Form 1041), line 27) (if you did not complete that line, enter -0-) . . . . .	37			
38	Enter the <b>smaller</b> of line 36 or line 37 . . . . .	38			
39	Multiply line 38 by 8% (.08) . . . . . ▶				39
40	Subtract line 38 from line 36 . . . . . ▶	40			
41	Multiply line 40 by 10% (.10) . . . . . ▶				41
42	Subtract line 36 from line 35 . . . . .	42			
43	Multiply line 42 by 20% (.20) . . . . . ▶				43
44	<b>If line 29 is zero or blank, skip lines 44 and 45 and go to line 46.</b> Subtract line 35 from line 31 . . . . .	44			
45	Multiply line 44 by 25% (.25) . . . . . ▶				45
46	Add lines 33, 39, 41, 43, and 45 . . . . .				46
47	If line 27 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 27 by 26% (.26). Otherwise, multiply line 27 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result . . . . .				47
48	Enter the <b>smaller</b> of line 46 or line 47 here and on line 11 . . . . .				48

\* The 2002 Schedule D Tax Worksheet is on page D-9 of the 2002 Instructions for Schedule D (Form 1040) (page 35 of the 2002 Instructions for Form 1041).

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Use Form 8801 if you are an individual, estate, or trust to figure the minimum tax credit, if any, for alternative minimum tax (AMT) you incurred in prior tax years and to figure any minimum tax credit carryforward.

### Who Should File

Complete Form 8801 if you are an individual, estate, or trust that for 2002 had:

- An AMT liability and adjustments or preferences other than exclusion items,
- A minimum tax credit carryforward to 2003, or
- An unallowed nonconventional source fuel credit or qualified electric vehicle credit (see the instructions for line 20).

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

## Specific Instructions

The AMT is attributable to two types of adjustments and preferences—deferral items and exclusion items. **Deferral items** (for example, depreciation) generally do not cause a permanent difference in taxable income over time.

**Exclusion items** (for example, the standard deduction), on the other hand, do cause a permanent difference. The minimum tax credit is allowed only for the AMT attributable to deferral items.

### Line 1—Estates and Trusts

Skip lines 1 through 3 of Form 8801. Complete Parts I and II of another 2002 Form 1041, Schedule I. For Part I of Schedule I, take into account only exclusion items (the amounts included on lines 2 through 6, 8, and 9, and any other adjustments related to exclusion items included on line 23 of Schedule I). On line 24 of Schedule I, use the minimum tax credit net operating loss deduction (MTCNOLD). However, do not limit the MTCNOLD to 90% of the total of lines 1 through 23 of Schedule I (see the instructions for line 3 on this page for how to figure the MTCNOLD). In Part II of Schedule I, complete lines 35 and 36 without taking into account any basis adjustments arising from deferral items. If the amount on Schedule I, line 29, is zero or less, enter zero on Form 8801, line 4. Otherwise, enter on Form 8801, line 4, the amount from Schedule I, line 29, adjusted for exclusion items that were allocated to the beneficiary.

### Line 2

Enter on this line the adjustments and preferences treated as exclusion items (except the standard deduction). Exclusion items are your AMT adjustments and preferences for: itemized deductions (including any investment interest expense reported on Schedule E), certain tax-exempt interest, depletion, the section 1202 exclusion, and any other adjustments related to exclusion items. **Do not** include the standard deduction. It has already been included on line 1. Combine lines 2 through 5, 7 through 9, 11, and 12 of your 2002 Form 6251. **Do not** include any amount from line 14 of the 2002 Form 6251. Instead, include the exclusion item amount from line 12d of the Schedule(s) K-1 (Form 1041) you received for 2002. If you included on line 26 of the 2002 Form 6251 any adjustments related to exclusion items, also include those adjustments in the amount you enter on line 2. Enter the total on line 2.

**Note:** If you included any exclusion item on a line not listed above, include that item in the amount you enter on line 2. For example, if depletion was included on Form 6251 as an adjustment on line 18 (passive activities) instead of on line 9 (depletion), include it as an exclusion item in the amount you enter on line 2.

### Line 3

Your minimum tax credit net operating loss deduction (MTCNOLD) is the aggregate of the minimum tax credit net operating loss (MTCNOL) carryovers and carrybacks to 2002. Your MTCNOL is figured as follows.

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

For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be figured separately for the MTCNOL using only nonbusiness income and deductions but taking into account only exclusion items. However, ignore the disallowance of the deduction for personal exemptions under section 172(d)(3) because it has already been taken into account to figure AMTI attributable only to exclusion items.

To determine the amount of MTCNOL that may be carried to tax years other than 2002, apply sections 172(b)(2) and 172(d) with appropriate modifications to take into account only exclusion items.

### Line 4

If your filing status was married filing separately for 2002 and line 4 is more than \$173,000, you must include an additional amount on line 4. If line 4 is \$271,000 or more, include an additional \$24,500 on line 4. Otherwise, include 25% of the excess of the amount on line 4 over \$173,000. For example, if the amount on line 4 is \$193,000, enter \$198,000 instead—the additional \$5,000 is 25% of \$20,000 (\$193,000 minus \$173,000).

### Line 9

If this form is for a child who was under age 14 at the end of 2002 and at least one of the child's parents was alive at the end of 2002, **do not** enter more than the sum of the child's 2002 earned income plus \$5,500.

**Note:** A child born on January 1, 1989, is considered to be age 14 at the end of 2002, and is therefore not subject to this limitation.

### Line 10

If you filed Form 1040NR for 2002 and had a net gain on the disposition of U.S. real property interests, line 10 cannot be less than the smaller of that net gain or line 4.

### Line 12

The minimum tax foreign tax credit on exclusion items (MTFTCE) is your 2002 AMT foreign tax credit (AMTFTC) refigured using only exclusion items. Follow these steps to figure your MTFTCE.

1. Use a separate 2002 Form 1116 for the MTFTCE for each separate limitation category specified at the top of Form 1116.

**Note:** When applying the separate limitation categories, use the applicable AMT rate instead of the regular tax rate to determine if any income is "high-taxed."

2. If you figured your 2002 AMTFTC using the simplified limitation election, skip Part I and enter on the MTFTCE Form 1116, line 16, the same amount you entered on that line for the 2002 AMT Form 1116. Otherwise, complete Part I using only taxable income and exclusion items that are attributable to sources outside the United States. If required by the Instructions for Form 1116 (based on your MTFTCE

Schedule D), complete Worksheet A, Worksheet B, and the Worksheet for line 17 for the MTFTCE. (But, if required, make adjustments to your foreign source capital gains and losses using the instructions in **Pub. 514**, Foreign Tax Credit for Individuals, instead of completing Worksheets A and B.) If you are required to complete an MTFTCE Worksheet for Line 17, follow the instructions under **5** below.

**3.** Complete lines 9 through 13 of the MTFTCE Form 1116. For line 9, use the same amount you entered on that line for 2002 for the regular tax. Use your MTFTCE carryover, if any, on line 10.

**4.** If you did not figure your 2002 AMTFTC using the simplified limitation election, complete lines 14 through 16 of the MTFTCE Form 1116.

**5.** If you did not complete Part III of Form 8801, enter the amount from Form 8801, line 4, on line 17 of the MTFTCE Form 1116 and go to **6** below. Otherwise, follow these steps to complete, for the MTFTCE, the Worksheet for Line 17 on page 16 of the 2002 Form 1116 instructions.

**a.** Enter the amount from Form 8801, line 4, on line 1 of the MTFTCE Worksheet for Line 17.

**b.** Complete the Schedule D Tax Worksheet (in the 2002 Instructions for Schedule D (Form 1040) or the 2002 Instructions for Form 1041) for the MTFTCE as follows. Enter the amount from Form 8801, line 10, on line 1 of the worksheet and skip lines 15, 19, 21, 25, 31, and 34 through 37. Use the amounts from Parts I, II, and III of your 2002 regular tax Schedule D (Form 1040) (Parts I through IV of Schedule D (Form 1041)) to complete the rest of the MTFTCE Schedule D Tax Worksheet. If you reported capital gain distributions directly on Form 1040, line 13, enter the amount from Form 1040, line 13, on lines 2, 4, and 9 of the MTFTCE Schedule D Tax Worksheet, and enter zero on lines 3 and 5 through 8 of that worksheet.

**c.** Complete the rest of the MTFTCE Worksheet for Line 17 using the amounts from the MTFTCE Schedule D.

**6.** Enter the amount from Form 8801, line 11, on the MTFTCE Form 1116, line 19. Complete lines 18, 20, and 21 of the MTFTCE Form 1116.

**7.** Complete Part IV of the first MTFTCE Form 1116 only. Enter the amount from the MTFTCE Form 1116, line 33, on Form 8801, line 12.

**8.** Keep all Forms 1116 you used to figure your MTFTCE, but **do not** attach them to your tax return.

If line 13 of the MTFTCE Form 1116 is greater than line 20 of the MTFTCE Form 1116, keep a record of the difference. This amount is carried forward and used to figure your MTFTCE next year.

## Line 20

Enter the total of any nonconventional source fuel credit and qualified electric vehicle credit not allowed for 2002 solely because of the limitations under sections 29(b)(6)(B) and 30(b)(3)(B).

## Line 21

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

## Line 22

Follow the instructions below and refer to your 2003 income tax return to figure the amount to enter on line 22.

**Form 1040.** Subtract from the amount on line 41 the total of any credits on lines 44 through 52 (not including any credit for prior year minimum tax). If the result is zero or less, enter zero.

**Form 1040NR.** Subtract from the amount on line 39 the total of any credits on lines 42 through 48 (not including any credit for prior year minimum tax). If the result is zero or less, enter zero.

**Form 1041, Schedule G.** Subtract the total of any credits on lines 2a through 2c from the sum of lines 1a and 1b. If the result is zero or less, enter zero.

## Part III—Tax Computation Using Maximum Capital Gains Rates

If you **did not** complete Schedule D (Form 1040) for 2002 because you reported capital gain distributions directly on Form 1040, line 13, then:

- Enter the amount of your 2002 capital gain distributions on Form 8801, lines 28 and 30,
- Skip Form 8801, line 29, and
- Enter on Form 8801, line 34, the amount, if any, from line 7 of the **Capital Gain Tax Worksheet** in the instructions for line 42 of the 2002 Form 1040.

If your 2002 taxable income was zero or less, complete lines 19 and 21 through 23 of your 2002 Schedule D (Form 1040) (lines 19 through 21 of the 2002 Schedule D (Form 1041)), or lines 2 through 9 of the 2002 Schedule D Tax Worksheet, if applicable, before completing Part III.

For a fiscal year taxpayer with a **prior** tax year that ends in 2003, the amount on line 48 cannot exceed the amount figured under section 55(b)(3) (maximum rate of tax on net capital gain) or, if applicable, section 301(c) of the Jobs and Growth Tax Relief Reconciliation Act of 2003. If your computation of the amount to be entered on line 48 is less than the amount figured using Part III, enter the amount you figured on line 48. Also, enter "See attached" on the dotted line to the left of the entry space for line 48 and attach a separate sheet showing how you figured the amount on line 48.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 2 hr., 4 min.; **Learning about the law or the form**, 1 hr., 51 min.; **Preparing the form**, 1 hr., 39 min.; **Copying, assembling, and sending the form to the IRS**, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

