

January 17, 2012

**COMPUTATION OF 2011 ALTERNATIVE MINIMUM TAX TO DETERMINE  
NEBRASKA MINIMUM TAX FOR THE 2011 NEBRASKA RETURN**

**ISSUE.**

How should the alternative minimum (AMT) tax computed for a taxpayer's 2011 U.S. Individual Income Tax Return, Federal Form 1040 or 1040A, be recalculated to compute the Nebraska AMT?

**CONCLUSION.**

The federal AMT must be recomputed using the adjustments required by [Neb. Rev. Stat. § 77-2715](#). This will facilitate the computation for items which are reflected differently in the determination of federal taxable income for Nebraska purposes. This applies to any federal schedules or other forms, the results of which are used in calculating the federal AMT.

**ANALYSIS.**

Among the adjustments provided by [Neb. Rev. Stat. § 77-2716](#) are the exclusion from federal adjusted gross income of interest or dividends from U.S. obligations as set forth in [Individual Income Tax Reg-22-002.05A](#) and the inclusion of interest or dividends from non-Nebraska source state or local obligations. Neb. Rev. Stat. § 77-2716 also provides for the exclusion from Nebraska taxable income of any non-Nebraska income from an S corporation or limited liability company (LLC). Therefore, any associated preference item derived from the S corporation or LLC included in the AMT calculations should be excluded to the same extent in the Nebraska computation.

The specific line entries and the required adjustments in recalculating the minimum tax for the [2011 Nebraska Individual Income Tax Return, Form 1040N](#), are provided below. **Recalculate all total or computational lines to reflect adjustments made pursuant to this ruling.** All other entries must be the same as for the federal minimum tax computation.

**2011 Federal Form 6251 (Alternative Minimum Tax - Individuals):**

- **Line 1.** If you itemized deductions, enter the amount from line 14, Nebraska Form 1040N, and go to line 2, Form 6251. Otherwise, enter line 5, plus line 12, minus line 13 from Nebraska Form 1040N, and skip to line 8, Form 6251.
- **Line 3.** Enter the Federal Form 6251, line 3 amount, less the amount from line 8, Form 1040N.
- **Line 7.** Enter -0-.
- **Line 10.** Enter any Nebraska net operating loss deduction included on line 58, Schedule I, Form 1040N.
- **Line 11.** Enter the alternative tax net operating loss deduction as adjusted for Nebraska purposes.
- **Line 12.** Enter only the tax-exempt interest from Nebraska private activity bonds issued after August 7, 1986.

- **Line 31.** If Part III of Form 6251 was used to make the line 31 entry, exclude any capital gains in the calculation that were excluded on line 55 of Nebraska Schedule I.
- **Line 32.** Enter -0-.
- **Line 34.** Compute the regular federal income tax before credits on the Nebraska Tax Table Income, line 14, Form 1040N. The same federal tax method used to complete line 44, Federal Form 1040, must be used. Enter the computed amount without subtracting any foreign tax credit.

**2011 Federal Form 1040A, Alternative Minimum Tax Worksheet:**

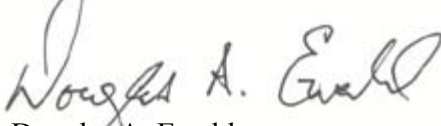
- **Line 1.** Add the amount from line 22, Form 1040A, and the amount from line 12, Form 1040N. Subtract the amount entered on line 13, Form 1040N. Enter the result on line 1.
- **Line 20.** If lines 9 through 19 were used to make the line 20 entry, exclude any capital gains in the calculation that were excluded on line 55 of Nebraska Schedule I.
- **Line 21.** Compute the regular federal income tax before credits on the Nebraska Tax Table Income, line 14, Form 1040N. The same federal tax method used to complete line 28, Federal Form 1040A, must be used.
- **Line 35** of the recomputed Federal Form 6251 or **line 22** of the recomputed Federal Form 1040A, Alternative Minimum Tax Worksheet, is to be entered in the appropriate area on line 16 of Form 1040N. For taxpayers filing Nebraska Schedule III, enter this amount on line 74 of the Nebraska Schedule III.

A copy of the recomputed Federal Form 6251, or Federal Form 1040A, Alternative Minimum Tax Worksheet, must be attached to the Nebraska Individual Income Tax Return, Form 1040N, when filed.

The AMT is to be recomputed for all taxable years beginning after December 31, 1978. Other revenue rulings involving recomputation of Federal Form 6251, or the Federal Form 1040A, Alternative Minimum Tax Worksheet, are shown below for the preceding three years:

2010 [22-10-4](#)  
2009 [22-09-1](#)  
2008 [22-08-1](#)

APPROVED:

  
Douglas A. Ewald  
Tax Commissioner

January 17, 2012