

February 22, 2011

**COMPUTATION OF 2010 CREDIT FOR PRIOR YEAR MINIMUM TAX TO
DETERMINE NEBRASKA MINIMUM TAX CREDIT
FOR THE 2010 NEBRASKA RETURN**

Issue:

How is the credit for prior year minimum tax computed on [Credit for Prior Year Minimum Tax-Individuals, Estates, and Trusts, Federal Form 8801](#), for a taxpayer's 2010 U.S. Fiduciary Income Tax Return, Federal Form 1041, to be recalculated in order to compute the Nebraska tax credit?

Conclusion:

[Neb. Rev. Stat. § 77-2717](#) directs that the federal credit for prior year minimum tax be recomputed using the adjustments required by the Nebraska Revenue Act of 1967, as amended.

Analysis:

[Nebraska Revenue Ruling 23-10-1](#) provides the adjustments for alternative minimum tax (AMT) computations for Nebraska determinations. This ruling is to be used for purposes of calculating the Nebraska credit for prior year minimum tax.

The specific line entries and the required adjustments in recomputing the credit for prior year minimum tax for the 2010 Nebraska Fiduciary Income Tax Return, Form 1041N, are provided below. **Recalculate all total or computational lines to reflect adjustments made pursuant to this ruling.**

In completing the 2010 Federal Form 8801, use the amounts from the 2009 Federal Form 1041, Schedule I, and Federal Form 8801 recomputed for Nebraska pursuant to Revenue Rulings [23-09-1](#) and [23-09-2](#).

2010 Federal Form 8801 (Credit for Prior Year Minimum Tax - Individuals, Estates, and Trusts)

Part I —

- **Line 4.** Use the federal instructions for calculating the amount to enter on line 4, and follow [Revenue Ruling 23-09-1](#) when completing any line 8 (tax-exempt interest or dividends) or line 24 (alternative tax net operating loss) entries on the 2009 Federal Form 1041, Schedule I.
- **Line 11.** If Part III of Federal Form 8801 was used to make the line 11 entry, exclude any capital gains in the calculation that were deducted on line 6 of the 2009 Nebraska Form 1041N as a special capital gains exclusion.
- **Line 12.** Enter -0-.

Follow federal instructions to recompute the net minimum tax on exclusion items through line 15 of the recomputed 2010 Federal Form 8801.

Part II:

- **Line 19.** Enter the line 30 amount from the 2009 Federal Form 8801 recomputed pursuant to [Revenue Ruling 23-09-2](#).
- **Line 20.** Enter -0-.
- **Line 22.** Enter line 55 from the recomputed 2010 Federal Form 1041, Schedule I.
- **Line 23.** Enter the line 54 amount from the 2010 Federal Form 1041, Schedule I, as recomputed pursuant to [Revenue Ruling 23-10-1](#).

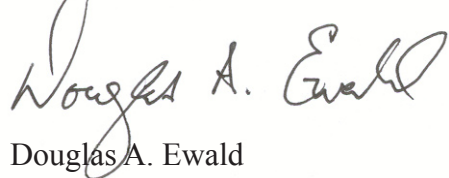
Multiply line 25 of the recomputed 2010 Federal Form 8801 by 29.6 percent (.2960). Enter this result on the Nebraska Fiduciary Income Tax Return, Form 1041N, as follows:

- (a) Resident estates and trusts must enter the result on line 13 and write in the phrase, "AMT Credit"; and
- (b) Nonresident estates and trusts must enter the result on line 29, Nebraska Schedule I, and write in the phrase, "AMT Credit". Enter as a negative number, subtract from line 28, and enter difference on line 30.

The Nebraska Minimum Tax Credit is a nonrefundable credit.

The recomputed Federal Form 8801 must be attached to the 2010 Nebraska Fiduciary Income Tax Return, Form 1041N, when filed.

APPROVED:



Douglas A. Ewald
Tax Commissioner

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