

December 10, 2001

Individual Income Tax-Computation of 2001 Credit for Prior Year Minimum Tax To Determine Nebraska Minimum tax Credit for the 2001 Nebraska Return. CREDIT FOR PRIOR YEAR MINIMUM TAX, FEDERAL FORM 8801, IS TO BE RECALCULATED FOR NEBRASKA INDIVIDUAL INCOME TAX PURPOSES TO DETERMINE THE NEBRASKA CREDIT FOR PRIOR YEAR MINIMUM TAX.

Advice has been requested as to whether the credit for prior year minimum tax computed for a taxpayer's 2001 U.S. Individual Income Tax Return, Federal Form 1040, must be recalculated in order to compute the Nebraska tax credit.

Section 77-2715(2) of the Nebraska Revised Statutes 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.

The specific line entries and the required adjustments in recomputing the credit for prior year minimum tax for the 2001 Nebraska Individual Income Tax Return, Form 1040N, are provided below. **Recalculate all total or computational lines to reflect adjustments made pursuant to this ruling.**

Use the amounts from the 2000 Federal Form 6251 recomputed pursuant to Revenue Ruling 22-00-1 on all lines referencing 2000 Federal Form 6251.

2001 Federal Form 8801:

Part I:

Line 3: Enter the minimum tax credit net operating loss deduction as adjusted for Nebraska purposes.

Line 11: If Part III of Form 8801 was used to make the line 11 entry, exclude any capital gains in the calculation that were entered on line 48 of Schedule I of the 2000 Nebraska Form 1040N.

Line 12: Enter 0.

Follow federal instructions to recompute the net minimum tax on exclusion items through line 15 of the 2001 Federal Form 8801.

Part II:

Line 19: Enter the line 26 amount from the 2000 Federal Form 8801 recomputed pursuant to Revenue Ruling 22-00-2.

Line 20: Enter 0.

Line 22: Enter the recomputed 2001 regular federal income tax before credits that was entered on line 27 of the recomputed Federal Form 6251.

Line 23: Enter the line 26 amount of the 2001 Federal Form 6251 recomputed pursuant to Revenue Ruling 22-01-1.

Multiply the amount on line 25 of the recomputed 2001 Federal Form 8801 by 29.6% (.2960). This result is to be entered on the Nebraska Individual Income Tax Return, Form 1040N, as follows:

- (a) Full-year residents are to enter the result on line 20 and write in the phrase, "AMT Credit";
- (b) Partial-year residents and nonresidents are to enter the result on line 63, Nebraska Schedule III, and write in the phrase, "AMT Credit".

The Nebraska Minimum Tax Credit is a nonrefundable credit.

The recomputed Federal Form 8801 must be attached to the 2001 Nebraska Individual Income Tax Return, Form 1040N, when filed.

APPROVED:



Mary Jane Egr
State Tax Commissioner

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