

January 23, 2012

**COMPUTATION OF 2011 CREDIT FOR PRIOR YEAR MINIMUM TAX TO
DETERMINE NEBRASKA MINIMUM TAX CREDIT
FOR THE 2011 NEBRASKA RETURN**

ISSUE.

How should the credit for prior year minimum tax computed for a taxpayer's [2011 U.S. Individual Income Tax Return, Federal Form 1040](#), be recalculated to compute the Nebraska tax credit?

CONCLUSION.

The federal credit for prior year minimum tax must be recomputed using the adjustments required by [Neb. Rev. Stat. § 77-2715\(2\)](#). This allows for the computation of 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 alternative minimum tax.

ANALYSIS.

The specific line entries and the required adjustments in recomputing the credit for prior year 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.**

Use the amounts from the 2010 Federal Form 6251 (Alternative Minimum Tax - Individuals) recomputed pursuant to [Revenue Ruling 22-10-4](#) on all lines referencing the 2010 Federal Form 6251.

2011 Federal Form 8801 (Credit for Prior Year Minimum Tax - Individuals, Estates, and Trusts):

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 55 of Schedule I of the 2011 Nebraska Form 1040N.
- **Line 12.** Enter -0-.

Follow federal instructions to recompute the net minimum tax on exclusion items through line 15 of the 2011 Federal Form 8801.

Part II —

- **Line 19.** Enter the line 28 amount from the 2010 Federal Form 8801 recomputed pursuant to [Revenue Ruling 22-10-3](#).
- **Line 20.** Enter -0-.
- **Line 22.** Enter the recomputed 2011 regular federal income tax before credits, which was entered on line 34 of the recomputed Federal Form 6251.
- **Line 23.** Enter the line 33 amount of the 2011 Federal Form 6251 recomputed pursuant to [Revenue Ruling 22-11-1](#).

Multiply the amount on line 25 of the recomputed 2011 Federal Form 8801 by 29.6% (.2960).

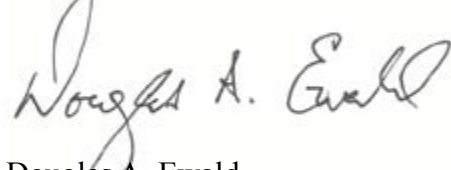
Enter this result on the Nebraska Individual Income Tax Return, Form 1040N, as follows:

- (a) Full-year residents must enter the result in the Form 8801 area on line 20;
- (b) Partial-year residents and nonresidents must enter the result on line 70, 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 2011 Nebraska Individual Income Tax Return, Form 1040N, when filed.

APPROVED:



Douglas A. Ewald
Tax Commissioner

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