

2007 Form 8801, Credit for Prior Year Minimum Tax— Individuals, Estates, and Trusts

Purpose: This is the second circulated draft of the 2007 Form 8801 for your review and comments. See below for a discussion of the major changes made since the first circulation. The first circulation was posted on April 25, 2007, and is available at: http://taxforms.web.irs.gov/Products/Drafts/2007-2/07f8801_d1.pdf

TPCC Meeting: None, but one may be arranged if requested.

Prior Version: The 2006 Form 8801 is available at: <http://www.irs.gov/pub/irs-pdf/f8801.pdf>

Instructions: The 2007 Instructions for Form 8801 will be circulated at a later date. The 2006 instructions are available at: <http://www.irs.gov/pub/irs-pdf/i8801.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, or call with any comments by **August 17, 2007**. Also please email any comments to the reviewer at Karl.D.Blake@irs.gov

Michael C. Young
Tax Forms and Publications
SE:W:CAR:MP:T:I:S
Email: Michael.C.Young@irs.gov
Phone: 202-622-9791
Fax: 202-622-5022

Major Changes to the 2007 Form 8801 since the 1st Circulation

1. We revised the calculation of a taxpayer's long-term unused minimum tax credit, by deleting line 50. All related tax year references have been updated on lines 26 and 49. All subsequent lines and line references have been renumbered. IRC 53(e)(3)(A).

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

▶ See separate instructions.
 ▶ Attach to Form 1040, 1040NR, or 1041.

Name(s) shown on return

Identifying number

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 1, 6, and 10 of your 2006 Form 6251. Estates and trusts, see instructions	1		
2	Enter adjustments and preferences treated as exclusion items (see instructions)	2		
3	Minimum tax credit net operating loss deduction (see instructions)	3	()
4	Combine lines 1, 2, and 3. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 5. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. If more than \$200,100 and you were married filing separately for 2006, see instructions	4		
5	Enter: \$62,550 if married filing jointly or qualifying widow(er) for 2006; \$42,500 if single or head of household for 2006; or \$31,275 if married filing separately for 2006. Estates and trusts, enter \$22,500	5		
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2006; \$112,500 if single or head of household for 2006; or \$75,000 if married filing separately for 2006. Estates and trusts, enter \$75,000	6		
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7		
8	Multiply line 7 by 25% (.25)	8		
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 18, see instructions	9		
10	Subtract line 9 from line 4. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 11. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions	10		
11	<ul style="list-style-type: none"> • If for 2006 you filed Form 2555 or 2555-EZ, see page 2 of the instructions for the amount to enter. • If for 2006 you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b (Form 1041, line 2b(2)); or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (lines 14a and 15, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 48 here. • All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2006), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2006) from the result. 	11		
12	Minimum tax foreign tax credit on exclusion items (see instructions)	12		
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13		
14	Enter the amount from your 2006 Form 6251, line 34, or 2006 Form 1041, Schedule I, line 55	14		
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15		

Part II Current Year Nonrefundable and Refundable Credits and Carryforward to 2008

16	Enter the amount from your 2006 Form 6251, line 35, or 2006 Form 1041, Schedule I, line 56	16		
17	Enter the amount from line 15 above	17		
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18		
19	2006 minimum tax credit carryforward. Enter the amount from your 2006 Form 8801, line 26	19		
20	Enter your 2006 unallowed qualified electric vehicle credit (see instructions)	20		
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21		
22	Enter your 2007 regular income tax liability minus allowable credits (see instructions)	22		
23	Enter the amount from your 2007 Form 6251, line 33, or 2007 Form 1041, Schedule I, line 54	23		
24	Subtract line 23 from line 22. If zero or less, enter -0-	24		
25	Current year nonrefundable credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2007 Form 1040, line 55; Form 1040NR, line 50; or Form 1041, Schedule G, line 2d	25		
26	<ul style="list-style-type: none"> • Estates and trusts: Leave lines 26 and 27 blank and go to line 28. • Individuals: Did you have a minimum tax credit carryforward to 2005 (on your 2004 Form 8801, line 26)? <ul style="list-style-type: none"> <input type="checkbox"/> No. Leave lines 26 and 27 blank and go to line 28. <input type="checkbox"/> Yes. Complete Part IV of Form 8801 to figure the amount to enter 	26		
27	Is line 26 more than line 25? <ul style="list-style-type: none"> <input type="checkbox"/> No. Leave line 27 blank and go to line 28. <input type="checkbox"/> Yes. Subtract line 25 from line 26. This is your current year refundable credit. Enter the result here and on your 2007 Form 1040, line 71, or Form 1040NR, line 69 	27		
28	Credit carryforward to 2008. Subtract the larger of line 25 or line 26 from line 21. Keep a record of this amount because you may use it in future years	28		

Part III Tax Computation Using Maximum Capital Gains Rates

Caution. If you did not complete the 2006 Qualified Dividends and Capital Gain Tax Worksheet, the 2006 Schedule D Tax Worksheet, or Part V of the 2006 Schedule D (Form 1041), see the instructions before completing this part.

29	Enter the amount from Form 8801, line 10			29
30	Enter the amount from line 6 of your 2006 Qualified Dividends and Capital Gain Tax Worksheet, the amount from line 13 of your 2006 Schedule D Tax Worksheet, or the amount from line 22 of the 2006 Schedule D (Form 1041), whichever applies*	30		
If you figured your 2006 tax using the 2006 Qualified Dividends and Capital Gain Tax Worksheet, skip line 31 and enter the amount from line 30 on line 32. Otherwise, go to line 31.				
31	Enter the amount from line 19 of your 2006 Schedule D (Form 1040), or line 14b, column (2), of the 2006 Schedule D (Form 1041)	31		
32	Add lines 30 and 31, and enter the smaller of that result or the amount from line 10 of your 2006 Schedule D Tax Worksheet	32		
33	Enter the smaller of line 29 or line 32			33
34	Subtract line 33 from line 29			34
35	If line 34 is \$175,000 or less (\$87,500 or less if married filing separately for 2006), multiply line 34 by 26% (.26). Otherwise, multiply line 34 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2006) from the result ▶			35
36	Enter: <ul style="list-style-type: none"> • \$61,300 if married filing jointly or qualifying widow(er) for 2006, • \$30,650 if single or married filing separately for 2006, • \$41,050 if head of household for 2006, or • \$2,050 for an estate or trust 	36		
37	Enter the amount from line 7 of your 2006 Qualified Dividends and Capital Gain Tax Worksheet, the amount from line 14 of your 2006 Schedule D Tax Worksheet, or the amount from line 23 of the 2006 Schedule D (Form 1041), whichever applies. If you did not complete either worksheet or Part V of the 2006 Schedule D (Form 1041), enter -0-	37		
38	Subtract line 37 from line 36. If zero or less, enter -0-	38		
39	Enter the smaller of line 29 or line 30	39		
40	Enter the smaller of line 38 or line 39	40		
41	Multiply line 40 by 5% (.05) ▶			41
42	Subtract line 40 from line 37	42		
43	Multiply line 42 by 15% (.15) ▶			43
If line 31 is zero or blank, skip lines 44 and 45 and go to line 46. Otherwise, go to line 44.				
44	Subtract line 39 from line 33	44		
45	Multiply line 44 by 25% (.25) ▶			45
46	Add lines 35, 41, 43, and 45			46
47	If line 29 is \$175,000 or less (\$87,500 or less if married filing separately for 2006), multiply line 29 by 26% (.26). Otherwise, multiply line 29 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2006) from the result			47
48	Enter the smaller of line 46 or line 47 here and on line 11			48

* The 2006 Qualified Dividends and Capital Gain Tax Worksheet is on page 38 of the 2006 Instructions for Form 1040. The 2006 Schedule D Tax Worksheet is on page D-10 of the 2006 Instructions for Schedule D (Form 1040) (page 38 of the 2006 Instructions for Form 1041).

Part IV Tentative Refundable Credit

49 Enter the amount from line 26 of your 2004 Form 8801			49	
50 Enter the amount from line 25 of your 2005 Form 8801	50			
51 Enter the amount from line 25 of your 2006 Form 8801	51			
52 Add lines 50 and 51			52	
53 Subtract line 52 from line 49 (If zero or less, stop ; enter -0- on line 26. Do not complete the rest of Part IV)			53	
54 If line 53 is: <ul style="list-style-type: none"> • Less than \$5,000, enter the amount from line 53 • At least \$5,000, but not more than \$25,000, enter \$5,000 • More than \$25,000, multiply line 53 by 20% (.20) 			54	
55 Enter the amount from Form 1040, line 38, or Form 1040NR, line 36 (If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from sources within Puerto Rico, see instructions for the amount to enter)	55			
56 Is line 55 more than the amount shown below for your filing status? <ul style="list-style-type: none"> • Single—\$156,400 • Married filing jointly or qualifying widow(er)—\$234,600 • Married filing separately—\$117,300 • Head of Household—\$195,500 <input type="checkbox"/> No. Stop; enter the amount from line 54 above on line 26. Do not complete the rest of Part IV. <input type="checkbox"/> Yes. Enter the amount shown above for your filing status 	56			
57 Subtract line 56 from line 55	57			
58 Is line 57 more than \$122,500 (\$61,250 if married filing separately)? <ul style="list-style-type: none"> <input type="checkbox"/> Yes. Stop; enter -0- on line 26. Do not complete the rest of Part IV. <input type="checkbox"/> No. Divide line 57 by \$2,500 (\$1,250 if married filing separately). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1) 	58			
59 Multiply line 58 by 2% (.02) and enter the result as a decimal (rounded to at least three places)			59	
60 Multiply line 54 by line 59			60	
61 Subtract line 60 from line 54. Enter the result here and on line 26			61	