

Credit for Prior Year Minimum Tax—Corporations

OMB No. 1545-1257

2008

► **Attach to the corporation's tax return.**

| Name | Employer identification number |
|--|--------------------------------|
| 1 Alternative minimum tax (AMT) for 2007. Enter the amount from line 14 of the 2007 Form 4626 | 1 |
| 2 Minimum tax credit carryforward from 2007. Enter the amount from line 9 of the 2007 Form 8827 | 2 |
| 3 Enter any 2007 unallowed qualified electric vehicle credit (see instructions) | 3 |
| 4 Add lines 1, 2, and 3 | 4 |
| 5 Enter the corporation's 2008 regular income tax liability minus allowable tax credits (see instructions) | 5 |
| 6 Is the corporation a "small corporation" exempt from the AMT for 2008 (see instructions)? • Yes. Enter 25% of the excess of line 5 over \$25,000. If line 5 is \$25,000 or less, enter -0- • No. Complete Form 4626 for 2008 and enter the tentative minimum tax from line 12 | 6 |
| 7a Subtract line 6 from line 5. If zero or less, enter -0- | 7a |
| b For a corporation electing to accelerate the minimum tax credit, enter the bonus depreciation amount attributable to the minimum tax credit (see instructions) | 7b |
| c Add lines 7a and 7b | 7c |
| 8a Enter the smaller of line 4 or line 7c. If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions | 8a |
| b Current year minimum tax credit. Enter the smaller of line 4 or line 7a here and on Form 1120, Schedule J, line 5d (or the applicable line of your return). If you made an entry on line 7b, go to line 8c. Otherwise, skip line 8c | 8b |
| c Subtract line 8b from line 8a. This is the refundable amount for a corporation electing to accelerate the minimum tax credit. Include this amount on line 32g of Form 1120 (or the applicable line of your return) | 8c |
| 9 Minimum tax credit carryforward to 2009. Subtract line 8a from line 4. Keep a record of this amount to carry forward and use in future years | 9 |

Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

For its first tax year ending after March 31, 2008, a corporation can elect to claim a refundable credit for certain unused minimum tax credits in lieu of the special depreciation allowance for eligible qualified property. For its first tax year ending after December 31, 2008, a corporation can choose to have this election apply to extension property (defined later), can choose not to have this election apply to extension property, or can choose to make this election only for extension property if the election was not made in its first tax year ending after March 31, 2008. See the instructions for line 7b below.

Purpose of Form

Corporations use Form 8827 to figure the minimum tax credit, if any, for AMT incurred in prior tax years and to figure any minimum tax credit carryforward.

Who Should File

Form 8827 should be filed by corporations that had:

- An AMT liability in 2007,
- A minimum tax credit carryforward from 2007 to 2008, or
- A qualified electric vehicle credit not allowed for 2007 (see the instructions for line 3).

Line 3

Enter any qualified electric vehicle credit not allowed for 2007 solely because of the tentative minimum tax limitations under section 30(b)(3)(B).

Line 5

Enter the corporation's 2008 regular income tax liability (as defined in section 26(b)) minus any credits allowed under Chapter 1, Subchapter A, Part IV, subparts B, D, E, and F of the Internal Revenue Code (for example, if you are filing Form 1120, subtract any credits on Schedule J, lines 5a through 5c, from the amount on Schedule J, line 2).

Line 6

See the 2008 Instructions for Form 4626 to find out if the corporation is treated as a "small corporation" exempt from the AMT for 2008. If the corporation is a "small corporation" exempt from the AMT, see section 38(c)(5) before completing line 6 for special rules that apply to controlled corporate groups, regulated investment companies, and real estate investment trusts.

Line 7b

For its first tax year ending after March 31, 2008, a corporation can elect to accelerate its use of unused minimum tax credit carryforwards from tax years beginning before 2006 and obtain a refundable credit in lieu of the special depreciation allowance on eligible qualified property (defined below). If the election is made, the corporation must do the following.

- Forego the special depreciation allowance for eligible qualified property acquired (including manufactured, constructed, or produced) after March 31, 2008, and placed in service generally before January 1, 2009, and

- Use the straight-line method of depreciation of such property.

This election is extended for one year to apply to property that is generally placed in service in 2009. If the corporation made an election to increase the research credit or minimum tax credit limitations for its first tax year ending after March 31, 2008, the corporation can choose not to have the election apply to extension property (defined below). Otherwise, the original election continues to apply to both eligible qualified property and extension property. In this case, separate bonus depreciation amounts, maximum increase amounts, and maximum amounts must be computed for eligible qualified property and for extension property.

Note. If the corporation did not make the election for its first tax year ending after March 31, 2008, it can make the election **only** for extension property for its first tax year ending after December 31, 2008.

Generally, eligible qualified property is qualified property under section 168(k)(2) that is acquired after March 31, 2008, and placed in service before January 1, 2009, and long

Worksheet for Calculating the Refundable Minimum Tax Credit Amount (keep for your records)

| | (a) Eligible qualified property | (b) Extension property |
|---|---------------------------------------|------------------------------|
| 1 Enter depreciation (including the special depreciation allowance) that would have been allowed for eligible qualified property) or extension property, as appropriate, placed in service during the tax year if section 168(k)(1) had applied to such property | 1 | |
| 2 Enter depreciation for eligible qualified property) or extension property), as appropriate, placed in service during the tax year figured without regard to section 168(k)(1) | 2 | |
| 3 Subtract line 2 from line 1 | 3 | |
| 4 Multiply line 3 by 20% | 4 | |
| 5 Enter any unused research credit carryforward from tax years beginning before 2006 | 5 | |
| 6 Enter any unused minimum tax credit carryforward from tax years beginning before 2006 | 6 | |
| 7 Add line 5 and line 6 | 7 | |
| 8 Multiply line 7 by 6% | 8 | |
| 9 Enter the smaller of line 8 or \$30,000,000 | 9 | |
| 10 Enter any bonus depreciation amounts determined under section 168(k)(4)(C) attributable to eligible qualified property (or extension property, as appropriate) for all preceding tax years ending after March 31, 2008 | 10 | |
| 11 Subtract line 10 from line 9. If zero or less, enter -0- | 11 | |
| 12 Bonus depreciation amount. Enter the smaller of line 4 or line 11 Note: If you do not have a research credit carryforward, or if you choose not to allocate bonus depreciation amounts to research credit carryforwards, skip lines 13 and 14 and enter -0- on line 15. | 12 | |
| 13 Enter the amount from line 10 allocated to the research credit carryforward shown on line 5 | 13 | |
| 14 Maximum bonus depreciation amount allocable to the research credit. Subtract line 13 from line 5 | 14 | |
| 15 Refundable research credit. Enter the smaller of line 14 or the amount on line 12 that you choose to allocate to the research credit | 15 | |
| 16 Subtract line 15 from line 12 | 16 | |
| 17 Enter the amount from line 10 allocated to the minimum tax credit carryforward shown on line 6 | 17 | |
| 18 Maximum bonus depreciation amount allocable to the minimum tax credit. Subtract line 17 from line 6 | 18 | |
| 19 Refundable minimum tax credit. Enter the smaller of line 18 or line 16 in appropriate columns. Enter the total of line 19, columns (a) and (b) on Form 8827, line 7b | 19 | |

production period property described in section 168(k)(2)(B), or certain aircraft described in section 168(k)(2)(C), that is placed in service in 2009. If a binding contract to acquire the property existed before April 1, 2008, the property does not qualify. See section 168(k)(4)(G)(iii) for special rules for written binding contracts involving certain passenger aircraft.

Generally, extension property is: (1) qualified property under section 168(k)(2) that is placed in service in 2009 and that is not property described in section 168(k)(2)(B) or (C); and (2) property described in sections 168(k)(2)(B) and (C), that is placed in service in 2010. If a binding contract to acquire the property existed before April 1, 2008, the property does not qualify.

If the corporation elects to accelerate the minimum tax credit and obtain a refundable credit in lieu of the special depreciation allowance, complete the *Worksheet for Calculating the Refundable Minimum Tax Credit Amount* on page 2. Enter the total of line 19, columns (a) and (b), of the worksheet on line 7b. All others, enter zero on line 7b.

For more information on the election to accelerate the research or minimum tax credit in lieu of claiming the special depreciation allowance, see Rev. Proc. 2008-65, 2008-44 I.R.B. 1082, available at <http://www.irs.gov/irb/2008-44/IRB/ar15.html>, and Rev. Proc. 2009-16, 2009-06 I.R.B. 449, available at <http://www.irs.gov/pub/irs-irbs/irb09-06.pdf>.

For more information on the special depreciation allowance, see the Instructions for Form 4562 and Pub. 946, *How To Depreciate Property*.

S corporations that make the election to accelerate the credit can use the credit only against the built-in gains tax. See the instructions for Schedule D (Form 1120S), line 20. S corporations that file Form 1120-REIT or Form 1120-RIC must apply the credit first against the built-in gains tax, if any, and reduce the refundable credit by the amount so applied. See the instructions for line h of the Built-in Gains Tax Worksheet in the separate instructions for those forms.

Line 8

If the corporation had a post-1986 ownership change (as defined in section 382(g)), there may be a limit on the amount of pre-change minimum tax credits that can be applied against the corporation's tax for any tax year ending after the ownership change. See section 383 and the related regulations. To figure the amount of the pre-change credit, the corporation must allocate the credit for the change year between the pre-change period and the post-change period. The corporation must use the same method of allocation (ratable allocation or closing-of-the-books) for purposes of sections 382 and 383. See Regulations section 1.382-6 for details.

Also, there may be a limit on the use of pre-acquisition excess credits of one corporation to offset the tax attributable to recognized built-in gains of another corporation. See section 384 for details.

If either limit applies, attach a computation of the minimum tax credit allowed. Enter that amount on line 8a. Write "Sec. 383" or "Sec. 384" on the dotted line to the left of the line 8a entry space.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Record keeping, 8 hr., 22 min., **Learning about the law or the form**, 1 hr., 27 min., **Preparing and sending the form to the IRS**, 2 hr., 51 min.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.