

# Passive Activity Credit Limitations

(Rev. January 2012)  
Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

Attachment  
Sequence No. **89**

▶ Attach to Form 1040 or 1041.

Name(s) shown on return

Identifying number

## Part I Passive Activity Credits

**Caution:** If you have credits from a publicly traded partnership, see **Publicly Traded Partnerships (PTPs)** in the instructions.

<b>Credits From Rental Real Estate Activities With Active Participation (Other Than Rehabilitation Credits and Low-Income Housing Credits)</b> (See Lines 1a through 1c in the instructions.)			
1a	Credits from Worksheet 1, column (a) . . . . .	1a	
b	Prior year unallowed credits from Worksheet 1, column (b) . . . . .	1b	
c	Add lines 1a and 1b . . . . .	1c	
<b>Rehabilitation Credits From Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)</b> (See Lines 2a through 2c in the instructions.)			
2a	Credits from Worksheet 2, column (a) . . . . .	2a	
b	Prior year unallowed credits from Worksheet 2, column (b) . . . . .	2b	
c	Add lines 2a and 2b . . . . .	2c	
<b>Low-Income Housing Credits for Property Placed in Service After 1989</b> (See Lines 3a through 3c in the instructions.)			
3a	Credits from Worksheet 3, column (a) . . . . .	3a	
b	Prior year unallowed credits from Worksheet 3, column (b) . . . . .	3b	
c	Add lines 3a and 3b . . . . .	3c	
<b>All Other Passive Activity Credits</b> (See Lines 4a through 4c in the instructions.)			
4a	Credits from Worksheet 4, column (a) . . . . .	4a	
b	Prior year unallowed credits from Worksheet 4, column (b) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	
5	Add lines 1c, 2c, 3c, and 4c . . . . .	5	
6	Enter the tax attributable to net passive income (see instructions) . . . . .	6	
7	Subtract line 6 from line 5. If line 6 is more than or equal to line 5, enter -0- and see instructions . . . . .	7	
<b>Note:</b> If your filing status is married filing separately and you lived with your spouse at any time during the year, <b>do not</b> complete Part II, III, or IV. Instead, go to line 37.			

## Part II Special Allowance for Rental Real Estate Activities With Active Participation

**Note:** Complete this part only if you have an amount on line 1c. Otherwise, go to Part III.

8	Enter the smaller of line 1c or line 7 . . . . .	8	
9	Enter \$150,000. If married filing separately, see instructions . . . . .	9	
10	Enter modified adjusted gross income, but not less than zero (see instructions). If line 10 is equal to or more than line 9, skip lines 11 through 15 and enter -0- on line 16 . . . . .	10	
11	Subtract line 10 from line 9 . . . . .	11	
12	Multiply line 11 by 50% (.50). <b>Do not</b> enter more than \$25,000. If married filing separately, see instructions . . . . .	12	
13a	Enter the amount, if any, from line 10 of Form 8582 . . . . .	13a	
b	Enter the amount, if any, from line 14 of Form 8582 . . . . .	13b	
c	Add lines 13a and 13b . . . . .	13c	
14	Subtract line 13c from line 12 . . . . .	14	
15	Enter the tax attributable to the amount on line 14 (see instructions) . . . . .	15	
16	Enter the <b>smaller</b> of line 8 or line 15 . . . . .	16	

**Part III Special Allowance for Rehabilitation Credits From Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)**

**Note:** Complete this part only if you have an amount on line 2c. Otherwise, go to Part IV.

<b>17</b>	Enter the amount from line 7 . . . . .				<b>17</b>		
<b>18</b>	Enter the amount from line 16 . . . . .				<b>18</b>		
<b>19</b>	Subtract line 18 from line 17. If zero, enter -0- here and on lines 30 and 36, and then go to Part V . . . . .				<b>19</b>		
<b>20</b>	Enter the <b>smaller</b> of line 2c or line 19 . . . . .				<b>20</b>		
<b>21</b>	Enter \$250,000. If married filing separately, see instructions to find out if you can skip lines 21 through 26 . . . . .			<b>21</b>			
<b>22</b>	Enter modified adjusted gross income, but not less than zero. (See instructions for line 10.) If line 22 is equal to or more than line 21, skip lines 23 through 29 and enter -0- on line 30 . . . . .			<b>22</b>			
<b>23</b>	Subtract line 22 from line 21 . . . . .			<b>23</b>			
<b>24</b>	Multiply line 23 by 50% (.50). Do not enter more than \$25,000. If married filing separately, see instructions . . . . .			<b>24</b>			
<b>25a</b>	Enter the amount, if any, from line 10 of Form 8582 . . . . .	<b>25a</b>					
<b>b</b>	Enter the amount, if any, from line 14 of Form 8582 . . . . .	<b>25b</b>					
<b>c</b>	Add lines 25a and 25b . . . . .			<b>25c</b>			
<b>26</b>	Subtract line 25c from line 24 . . . . .			<b>26</b>			
<b>27</b>	Enter the tax attributable to the amount on line 26 (see instructions) . . . . .			<b>27</b>			
<b>28</b>	Enter the amount, if any, from line 18 . . . . .			<b>28</b>			
<b>29</b>	Subtract line 28 from line 27 . . . . .				<b>29</b>		
<b>30</b>	Enter the <b>smaller</b> of line 20 or line 29 . . . . .				<b>30</b>		

**Part IV Special Allowance for Low-Income Housing Credits for Property Placed in Service After 1989**

**Note:** Complete this part only if you have an amount on line 3c. Otherwise, go to Part V.

<b>31</b>	If you completed Part III, enter the amount from line 19. Otherwise, subtract line 16 from line 7 . . . . .				<b>31</b>		
<b>32</b>	Enter the amount from line 30 . . . . .				<b>32</b>		
<b>33</b>	Subtract line 32 from line 31. If zero, enter -0- here and on line 36 . . . . .				<b>33</b>		
<b>34</b>	Enter the <b>smaller</b> of line 3c or line 33 . . . . .				<b>34</b>		
<b>35</b>	Tax attributable to the remaining special allowance (see instructions) . . . . .				<b>35</b>		
<b>36</b>	Enter the <b>smaller</b> of line 34 or line 35 . . . . .				<b>36</b>		

**Part V Passive Activity Credit Allowed**

<b>37</b>	<b>Passive Activity Credit Allowed.</b> Add lines 6, 16, 30, and 36. See instructions to find out how to report the allowed credit on your tax return and how to allocate allowed and unallowed credits if you have more than one credit or credits from more than one activity. If you have any credits from a publicly traded partnership, see <b>Publicly Traded Partnerships (PTPs)</b> in the instructions.				<b>37</b>		
-----------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	-----------	--	--

**Part VI Election To Increase Basis of Credit Property**

<b>38</b>	If you disposed of your entire interest in a passive activity or former passive activity in a fully taxable transaction, and you elect to increase your basis in credit property used in that activity by the unallowed credit that reduced your basis in the property, check this box. See instructions . . . . . <input type="checkbox"/>						
<b>39</b>	Name of passive activity disposed of <input type="checkbox"/>	.....					
<b>40</b>	Description of the credit property for which the election is being made <input type="checkbox"/>	.....					
<b>41</b>	Amount of unallowed credit that reduced your basis in the property . . . . . <input type="checkbox"/>						\$