

disposed of by the taxpayer. The credit allowed to the taxpayer for the tax year is determined by reference to the taxpayer's remaining interest in the building at the close of the tax year.

If the taxpayer follows the procedures to prevent recapture, the taxpayer is allowed credit for the year both with respect to the ownership interest disposed of by the taxpayer and the interest retained by the taxpayer. For example, again assume that a taxpayer owns 100% of a building for the first 273 days in a 365-day calendar tax year and 40% of the building for the last 92 days of the year. After following procedures, the taxpayer's credit on line 16 would be based upon 273/365 of 100% (or 74.79%) of the line 15 credit for the building plus 92/365 of 40% (or 10.08%) of the line 15 credit amount.

If a taxpayer follows the procedures to prevent recapture upon the disposition of the building or upon a disposition of the taxpayer's entire interest in the building, the taxpayer's line 16 credit amount is determined by multiplying the line 15 credit amount by the percentage interest in the building disposed of by the taxpayer. For example, if a building is owned by individuals A and B (60% by A and 40% by B) and on the last day of the fifth month of the tax year, C buys A's 60% interest in the building and A follows the procedures, then A would enter 60% of line 15 on line 16. (Lines 4 and 8 have already taken into account the 5 months of the tax year that A held an interest in the building.)

**De minimis recapture rule.** For administrative purposes, the IRS has adopted a de minimis rule that applies to partners in partnerships (other than

partnerships to which section 42(j)(5)(B) applies) owning interests in qualified low-income buildings. The rule allows a partner to elect to avoid or defer recapture resulting from a disposition of interest in a partnership without posting bond (in a situation where it was necessary to post bond to avoid or defer recapture) until the partner has disposed of more than 33<sup>1</sup>/<sub>3</sub>% of the partner's greatest total interest in the qualified low-income building through the partnership. See Rev. Rul. 90-60, 1990-2 C.B. 3, for more information on the de minimis rule.

Upon application by the building owner, the IRS may waive any recapture of the low-income housing credit for any de minimis error in complying with the minimum set-aside requirements.

**Line 17.** The first-year credit may have been reduced based on the number of full months the building was in service. The deferred balance of the credit for the first year is allowed in the 11th year. Include it on line 17 as a **positive** amount.

For example, see the example under [First-year modified percentage](#), earlier. If this is the 11th year, enter 0.8750 times the eligible basis of the building (line 1) times the credit percentage (line 5). The factor 0.8750 is 1.0000 minus 0.1250, the modified percentage figured for year 1 in the example.

**Line 18.** Report this amount on line 3 of Form 8586. For buildings placed in service after December 31, 2007, the credit is not limited by the alternative minimum tax rules.

**Paperwork Reduction Act Notice.** We ask for the information on these forms 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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is:

<b>Recordkeeping</b> . . . . .	7 hr., 38 min.
<b>Learning about the law or the form.</b> . . . . .	1 hr., 47 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service at the address listed in the instructions for the tax return with which this form is filed.

**Line 11 Worksheet (Keep for Your Records)**

1	Enter the qualified basis of the building from line 3 of this tax year's Form 8609-A . . . . .	1	
2	Multiply the amount on line 1 of the previous year's Form 8609-A by the amount on line 2 of that Form 8609-A . . . . .	2	
3	Increased qualified basis. Subtract line 2 above from line 1 above. But if line 2 above is more than zero but less than the original qualified basis of the building entered on Form 8609, line 8a, then enter the amount from line 7 of this Form 8609-A instead. <b>Note.</b> If line 3 above is zero or less, do not complete the rest of this worksheet. Enter -0- on line 11 of Form 8609-A . . . . .	3	
4	Modified percentage. For each month during the tax year, figure the increase, if any, in the low-income portion of the building for that month over the low-income portion of the building at the close of the previous tax year (the amount on line 2 of the previous tax year's Form 8609-A). For example, if the previous tax year's low-income portion of 0.5000 remained at 0.5000 for the first 9 months of this tax year and then increased to 0.7500 for October, November, and December, then subtract 0.5000 from 0.7500 to get an increase of 0.2500 for each month. Add these amounts together, divide by 12, and enter the result. (This amount must be shown as a decimal carried out to at least four places (for example, 0.2500 + 0.2500 + 0.2500 = 0.7500, divided by 12 = 0.0625.)) . . . . .	4	
5	Increased qualified basis entitled to reduced credit. Multiply line 4 above by Form 8609-A, line 1 . . . . .	5	
6	Increased qualified basis not entitled to reduced credit. Subtract line 5 above from line 3 above . . . . .	6	
7	Line 11 modification. Multiply line 6 above by two-thirds of the amount on line 5 of Form 8609-A. Enter the result here and on line 11 of Form 8609-A . . . . .	7	