

December 29, 2000

Fiduciary Income Tax-Computation of 2000 Credit for Prior Year Minimum Tax. CREDIT FOR PRIOR YEAR MINIMUM TAX, FEDERAL FORM 8801, IS TO BE RECALCULATED FOR NEBRASKA FIDUCIARY INCOME TAX PURPOSES TO DETERMINE THE NEBRASKA CREDIT FOR PRIOR YEAR MINIMUM TAX.

Advice has been requested as to whether the credit for prior year minimum tax computed on Federal Form 8801 for a taxpayer's 2000 U.S. Fiduciary Income Tax Return, Federal Form 1041, must be recalculated in order to compute the Nebraska tax credit.

Section 77-2717 of the Nebraska Revised Statutes directs that the federal credit for prior year minimum tax be recomputed using the adjustments required by the Nebraska Revenue Act of 1967, as amended. Further, Nebraska Revenue Ruling 23-00-1 provides the adjustments for alternative minimum tax computations for Nebraska determinations. This ruling is to be used for purposes of calculating the Nebraska credit for prior year minimum tax.

The specific line entries and the required adjustments in recomputing the credit for prior year minimum tax for the 2000 Nebraska Fiduciary Income Tax Return, Form 1041N, are provided below. **Recalculate all total or computational lines to reflect adjustments made pursuant to this ruling.**

In completing the 2000 Federal Form 8801, use the amounts from the 1999 Federal Form 1041, Schedule I, and Federal Form 8801 recomputed for Nebraska pursuant to Revenue Rulings 23-99-1 and 23-99-2.

2000 Federal Form 8801:

Part I:

Line 4: Use the federal instructions for calculating the amount to enter on line 4, and follow Revenue Ruling 23-99-1 when completing any line 4p (tax-exempt interest) or line 7 (alternative tax net operating loss) entries on the 1999 Form 1041, Schedule I.

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 deducted on line 7 of the 1999 Nebraska Form 1041N as a special capital gains exclusion.

Line 12: Enter 0.

Follow federal instructions to recompute the net minimum tax on exclusion items through line 15 of the recomputed 2000 Federal Form 8801.

Part II:

Line 19: Enter the line 26 amount from the 1999 Federal Form 8801 recomputed pursuant to Revenue Ruling 23-99-2.

Line 20: Enter 0.

Line 22: Enter line 38 from the recomputed 2000 Federal Form 1041, Schedule I.

Line 23: Enter the line 37 amount from the 2000 Federal Form 1041, Schedule I, as recomputed pursuant to Revenue Ruling 23-00-1.

Multiply line 25 of the recomputed 2000 Federal Form 8801 by 29.6 percent (.2960). This result is to be entered on the Nebraska Fiduciary Income Tax Return, Form 1041N, as follows:

(a) Resident estates and trusts are to enter the result on line 14 and write in the phrase, "AMT Credit"; and

(b) Nonresident estates or trusts are to enter the result on line 27, Nebraska Schedule I, and write in the phrase, "AMT credit". Enter as a negative number, subtract from line 26, and enter difference on line 28.

The Nebraska Minimum Tax Credit is a nonrefundable credit.

The recomputed Federal Form 8801 must be attached to the 2000 Nebraska Fiduciary Income Tax Return, Form 1041N, when filed.

APPROVED:

A handwritten signature in black ink, appearing to read 'MJE', with a long horizontal stroke extending to the right.

Mary Jane Egr
State Tax Commissioner

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