



Fiduciary Income Tax - Computation of 1986 Alternative Minimum Tax To Determine Federal Income Tax Before Credits for the 1986 Nebraska Return. THE ALTERNATIVE MINIMUM TAX COMPUTATION, FEDERAL FORM 6251, IS TO BE RECALCULATED FOR NEBRASKA FIDUCIARY INCOME TAX PURPOSES TO DETERMINE THE FEDERAL INCOME TAX BEFORE CREDITS.

Advice has been requested whether the alternative minimum tax as computed for a taxpayer's 1986 U.S. Fiduciary Income Tax Return, Federal Form 1041, must be added to the regular federal income tax before federal credits and the tax on the ordinary income part of lump-sum distributions from qualified retirement plans, if applicable, to compute the Nebraska income tax.

Federal credits and federal income not includible in the Nebraska tax base are used to determine the amount of the alternative minimum tax reported on the federal return. The amount of federal income tax used to determine the Nebraska income tax must be computed without any allowance for federal credits. Therefore, fiduciaries required to compute the alternative minimum tax with their 1986 federal return are to recompute Federal Form 6251 for Nebraska purposes. The specific line entries to be altered in recomputing the alternative minimum tax for the 1986 Nebraska Fiduciary Income Tax Return, Form 1041N, are provided below.

1986 Federal Form 6251:

Line 1. For fiduciaries with undistributed income from U.S. government obligations or other allowable Nebraska adjustments to federal taxable income, make the adjustment(s) to the adjusted gross income of the fiduciary. Enter the adjusted amount on the Federal Form 6251 which is being recomputed for Nebraska purposes.

Line 9. Enter regular federal income tax before credits from line 25A, 1986 U.S. Fiduciary Income Tax Return, Federal Form 1041, or as computed on the Nebraska adjusted federal taxable income reported on line 8, Form 1041N.

Follow federal instructions to compute the alternative minimum tax through line 10 of the 1986 Federal Form 6251.

If a net operating loss carryover from an earlier year(s) reduces taxable income for 1986, and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in the earlier year(s), all or a part of the deferred tax may be includible as federal tax liability for 1986. Add to line 10 of the recomputed 1986 Form 6251, the amount of any deferred minimum tax, recomputed for

Nebraska purposes in accordance with the revenue ruling in effect for the year in which the loss carryforward occurred. Attach a schedule with all calculations.

The add-on minimum tax and the alternative minimum tax are to be recomputed for all taxable years beginning after December 31, 1978. The specific line entries on the Federal Form 4626 and Federal Form 6251 to be altered in the recomputation for Nebraska are provided for the following tax years:

<u>Tax Year</u>	<u>Revenue Ruling Reference</u>
1985	23-85-1
1984	23-84-1
1983	23-83-1
1982	23-82-3
1981	23-82-1
1980, 1979	23-82-2

Any recomputed minimum tax deferred from earlier years plus line 10 of the recomputed 1986 Federal Form 6251 are to be added to the total of the regular tax reported on line 25A of 1986 Federal Form 1041 and the tax on the ordinary income part of lump-sum distributions from qualified retirement plans, if applicable, to determine the amount of federal income tax to enter on line 9 of the 1986 Form 1041N. For fiduciaries with undistributed income from U.S. government obligations, the recomputed taxes are to be added to the regular federal income tax as computed on Nebraska adjusted federal taxable income reported on line 8, Form 1041N, plus the tax on the ordinary income part of lump-sum distributions from qualified retirement plans, if applicable, to determine the amount of federal income tax to enter on line 9 of Form 1041N. For nonresident fiduciaries, the recomputed alternative minimum tax or minimum tax, if applicable, is included as part of the tax on line 22 of Nebraska Schedule I.

Attach the recomputed Federal Form 6251 or Federal Form 4626, if applicable, and all related schedules or computations to the 1986 Form 1041N when filed.

APPROVED:



Donald S. Leuenberger
State Tax Commissioner

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