

Don't Forget to Use Prior Year Alternative Minimum Tax (AMT) Credit

If you paid AMT in prior years, then you should read the rest of this article. In order to determine if you have paid AMT, look at your 2009 Form 1040, Line 45. If the Line 45 entry is not 0 or blank, then you paid AMT in 2009 tax year. It is important because you may be able to take a credit on this year's return for AMT paid in prior years.

I'm not going to get into the details of how AMT is calculated. It's not very interesting and the tax preparation software handles the calculations for you. Plus, the IRS provides a good explanation; so visit their website www.irs.gov . But, what the tax software probably is not doing is looking back into prior year returns and determining whether or not you have an AMT carryover.

Now that you know that you paid AMT, look at 2009 Form 8801, Line 30. It says, "Credit carryforward to 2010". This is your credit for the 2010 tax year. If this value is **not** 0, then you have a prior year credit to carry forward to your 2010 tax year return.

The 2009 AMT credit may or may not reduce your 2010 tax liability. It depends on whether or not you are paying AMT in 2010. Worst case, if you cannot use the AMT credit in 2010, then it gets carried into tax year 2011. That is, provided that you remember to use it.

You'll have to fill out the 2010 Form 8801 in order to see if you can use the prior year credit. Or, Brycast can do your tax return for you. Please contact us at (512) 329-2020, service@brycast.com .

Disclaimer: The information provided in this article is only for educational purposes. It may not reflect all rules, regulations, or laws for the tax year discussed and it may not pertain to your situation.

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