

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

1995

3510

Attach this form to your return.

Table with 2 columns: Name(s) as shown on return, Social security number or FEIN

Part I Net Alternative Minimum Tax (AMT) on Exclusions

Section A — Form 540, Form 540NR and Form 541 Filers

Table with 3 columns: Description, Line Number, Amount/Percentage. Rows 1-13 covering AMT calculations.

Section B — 1994 Form 540NR Filers

Table with 3 columns: Description, Line Number, Amount/Percentage. Rows 14-23 covering 1994 Form 540NR calculations.

Part II Computation of Credit

Table with 3 columns: Description, Line Number, Amount/Percentage. Rows 24-37 covering credit computation.

Instructions for Form FTB 3510

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

General Information

A Purpose of Form

Use this form to figure your 1995 California credit for prior year alternative minimum tax (AMT), if any, for AMT incurred in a taxable year beginning after 1986.

B Who Must File

To claim the credit for prior year AMT, individuals and fiduciaries must complete form FTB 3510. Individuals and fiduciaries qualify for the credit if they:

- had an AMT credit carryover from 1994; or
- paid AMT for 1994, and had 1994 adjustments and tax preference items other than exclusions.

Corporations must use Schedule P (100), Part III.

C Exclusions and Deferral Preferences

The 1994 AMT you paid is attributable to two types of adjustments and tax preferences, those called exclusions and those called deferral preferences. The amount of AMT attributable to the deferral preferences is available as a credit in 1995.

Exclusions are those adjustments and preference items that cause a permanent difference in the amount of tax you pay. The adjustments and preference items that are exclusions include:

- the standard deduction or itemized deductions;
- appreciated property charitable deduction; and
- depletion.

Deferral preferences are those adjustments and tax preference items that cause only a temporary difference in the amount of tax you pay. The adjustments and tax preference items that are deferral preferences are all the other items listed on your 1994 Schedule P that are not exclusions.

Use form FTB 3510, Part I, to figure the amount of 1994 AMT that was attributable to only the exclusions.

Use form FTB 3510, Part II, to figure the amount of 1994 AMT that was attributable to the deferral preferences and the amount available as a credit in 1995.

California conformed in 1993 to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. As a result, depletion amounts deducted from income for purposes of computing the regular tax must be adjusted for AMT purposes, using the methods prescribed by the federal rules. Your California depletion costs may continue to differ from the federal amounts, however, because of prior differences in the law and different bases.

California also did not conform to the limit on the benefit of the exclusion preference for intangible drilling costs in 1994.

Specific Line Instructions

Complete Schedule P (540) through Part III, line 23; Schedule P (540NR) through Part III, line 25; or Schedule P (541) through Part III, line 8, before figuring this credit.

Line 1 – Estates and trusts – skip line 1 through line 3. Complete a second 1994 Schedule P (541) Part I and Part II. Enter only exclusion items from Sched-

ule P, line 4(e) and any other exclusion items on Schedule P, line 5. On Schedule P, line 7, use the alternative minimum tax credit net operating loss deduction (AMTCNOLD) without the 90% limitation (see instructions for line 3, below). If the amount on Schedule P (541), Part I, line 10 is zero or less, enter -0- on line 4 of form FTB 3510.

Line 2 – Enter the adjustments and tax preference items treated as exclusions.

Schedule P (540) filers, combine your 1994 Schedule P (540), Part I, line 1 through line 7, line 13a, and line 13c.

Schedule P (540NR) filers, combine your 1994 Schedule P (540NR), Part I, line 1 through line 7, line 13a, and line 13c.

Schedule P (541) filers combine your 1994 Schedule P (541), Part I, line 4e; and line 5c.

Note: If you included any exclusions on a line other than those listed above, add these exclusions to the total.

Line 3 – Your AMT credit net operating loss (NOL) deduction is the loss deduction for 1994 determined under California Revenue and Taxation Code Section 17276, 17276.2 or 17276.3, subject to the following rules:

- for loss years beginning after 1986, an NOL that has exclusion items is reduced by the amount of these exclusion items (see the instructions for line 2); and
- for loss years beginning before 1987, the amount of NOL that may be carried over to taxable years beginning after 1986 is equal to the amount that may be carried over from such loss years to the first taxable year beginning after 1986 for regular tax purposes.

To determine the amount of the AMTCNOLD that may be carried over to tax years other than 1994, apply R&TC Sections 17276, 17276.2 or 17276.3, with appropriate modifications to take into account exclusion items.

Line 4 – If line 4 is zero and you paid 1994 AMT, all of the 1994 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the available credit for 1995.

For married taxpayers filing separate returns, complete the following computation if line 4 is more than \$155,000:

1. Enter the amount from line 4 _____
2. Maximum exemption amount \$155,000
3. Subtract line 2 from line 1 _____
4. Multiply line 3 by 25% (.25) _____
5. Enter the smaller of line 4 or \$20,000 _____
6. Add line 1 and line 5. Enter the result here and replace the amount on line 4 with this amount _____

Line 9 – If you are completing this form for a child who was under age 14 on January 1, 1996, and at least one of the child's parents was alive on December 31, 1995, do not follow the instructions on this form for line 9. Instead, if line 8 is equal to or more than line 5, enter -0- on line 9; otherwise enter the smaller of: (1) the amount by which line 5 exceeds line 8; or (2) the amount from line 17 of the line 21

worksheet of the child's 1994 Schedule P (540) or Schedule P (540NR).

Line 10 – If line 10 is zero and you paid 1994 AMT, all of the 1994 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the available credit for 1995.

Line 24 – If you reduced your 1994 AMT by any commercial solar energy credit carryover or solar energy credit carryover from your 1994:

- Schedule P (540), Part IV, Section D, line 46 and line 47, column (b);
- Schedule P (540NR), Part V, Section D, line 48 and line 49, column (b); or
- Schedule P (541), Part IV, Section D, line 41 and line 42, column (b);

reduce the amount on this line by the same amount and enter the amount of the reduction in the space to the left of line 24.

Line 27 – Enter the amount of any unused AMT credit carryover from your 1994:

- Schedule P (540), Part IV, Section B, line 33, column (d);
- Schedule P (540NR), Part V, Section B, line 35, column (d); or
- Schedule P (541), Part IV, Section B, line 28, column (d).

Line 28 – Enter the portion of your orphan drug credit carryover that you were not able to take in 1994 because of the limitation due to the tentative minimum tax.

Line 29 – If line 29 is zero or less, you do not have a minimum tax credit or a minimum tax credit to carry over. Do not complete the rest of this form. If line 29 is greater than zero, enter here and in column (a) of Schedule P (540), Part V, line 19; Schedule P (540NR), Part VI, line 19; or Schedule P (541), Part V, line 15.

Line 31 – Regular tax can be reduced by allowable credits to the extent that such credits do not reduce net tax below the tentative minimum tax.

Add the exemption credits from Form 540, line 21, Form 540NR, line 23, and Form 541, line 21, and the amount of credits that are listed on your 1995 Schedule P (540, 540NR and 541), Section A1 and A2, column (b). Enter the total on line 31.

Line 33 – Enter the tentative minimum tax from Schedule P (540), Part III, line 23; Schedule P (540NR), Part III, line 25; or Schedule P (541), Part III, line 8.

Line 36 – Enter the smaller of line 35 or the amount from column (c), Schedule P (540), Part V, line 18; Schedule P (540NR), Part VI, line 18; or Schedule P (541), Part V, line 14.