



# 2025 AMTI, Alternative Minimum Tax

## Calculation of Income

Name of Corporation/Designated Filer \_\_\_\_\_

FEIN \_\_\_\_\_

Minnesota Tax ID Number \_\_\_\_\_

**You must round amounts  
to nearest whole dollar.**

<b>1</b>	Minnesota net income (from M4I, line 7) .....	<b>1</b> ■	_____
<b>2</b>	<b>Adjustments and preferences</b>		
	<b>a</b> Depreciation of post-1986 property .....	<b>2a</b> ■	_____
	<b>b</b> Amortization of certified pollution control facilities .....	<b>2b</b> ■	_____
	<b>c</b> Amortization of mining exploration and development costs .....	<b>2c</b> ■	_____
	<b>d</b> Amortization of circulation expenditures (personal holding companies only) .....	<b>2d</b> ■	_____
	<b>e</b> Adjusted gain or loss .....	<b>2e</b> ■	_____
	<b>f</b> Long-term contracts .....	<b>2f</b> ■	_____
	<b>g</b> Merchant marine capital construction funds .....	<b>2g</b> ■	_____
	<b>h</b> Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) .....	<b>2h</b> ■	_____
	<b>i</b> Tax shelter farm activities (personal service corporations only) .....	<b>2i</b> ■	_____
	<b>j</b> Passive activities (closely held corporations and personal service corporations only) .....	<b>2j</b> ■	_____
	<b>k</b> Loss limitations .....	<b>2k</b> ■	_____
	<b>l</b> Intangible drilling costs .....	<b>2l</b> ■	_____
	<b>m</b> Other adjustments and preferences .....	<b>2m</b> ■	_____
<b>3</b>	Pre-adjustment alternative minimum taxable income. Combine lines 1 through 2m .....	<b>3</b> ■	_____
<b>4</b>	<b>Adjusted current earnings (ACE) adjustment</b>		
	<b>a</b> ACE from line 9 of the ACE worksheet .....	<b>4a</b> ■	_____
	<b>b</b> Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. (See instructions) .....	<b>4b</b> ■	_____
	<b>c</b> Multiply line 4b by 75% (0.75). Enter the result as a positive amount. .	<b>4c</b> ■	_____
	<b>d</b> Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. ....	<b>4d</b> ■	_____
	<b>Note:</b> You must enter an amount on line 4d (even if line 4b is positive)		
	<b>e</b> ACE adjustment		
	• If line 4b is zero or more, enter the amount from line 4c		
	• If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount .....	<b>4e</b> ■	_____





Calculation of Income

Name of Corporation/Designated Filer FEIN Minnesota Tax ID Number

You must round amounts to nearest whole dollar.

- 5 Combine lines 3 and 4e .....5 ■  
If result is zero or less, or if \$310,000 or more, skip lines 6a and 6b and leave line 6 blank.  
If between zero and \$310,000, continue on line 6a.
- 6a Subtract \$150,000 from line 5. If result is zero or less,  
leave blank ..... 6a ■
- 6b Multiply line 6a by 25% (0.25) ..... 6b ■
- 6 Exemption (subtract line 6b from \$40,000) .....6 ■
- 7 If line 5 is zero or less, enter amount from line 5.  
If line 5 is more than zero, subtract line 6 from line 5; if result is zero or less, leave blank ..... 7 ■
- 8 Total nonapportionable income (from M4I, line 8) .....8 ■
- 9 Alternative minimum taxable income  
(subtract line 8 from line 7) .....9 ■

Enter amount on AMTT, line 1.



# 2025 Schedule AMTI Instructions

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Unitary businesses: Complete only one Schedule AMTI.

## Who Should File

The following are **not** subject to alternative minimum tax and are not required to complete Form AMTI:

- regulated investment companies (RICs).
- real estate investment trusts (REITs).
- real estate mortgage investment conduits (REMICs).
- cooperatives.
- small corporations exempt from federal AMT under IRC section 55(e) as amended through December 16, 2016.

If you do not fit the categories above and your Minnesota net income (from Form M4I, line 7), combined with your adjustments and tax preferences (including adjusted current earnings), exceeds \$40,000 or your allowable exemption amount, you must file Schedule AMTI

## Short Period Return

If the corporation is filing for a period of less than 12 months, AMTI must be annualized and the tentative minimum tax prorated based on the number of months in the short period. Complete Schedule AMTI as follows.

1. Complete lines 1 through 4e in the normal manner. Combine lines 3 and 4e to figure AMTI for the short period, but do not enter it on line 5.
2. Multiply AMTI for the short period by 12. Divide the result by the number of months in the short period. Enter this result on line 5.
3. Complete lines 6 and determine the line 7 amount according to the line instructions but not enter it on line 7.
4. Multiply the result of step 3 by the number of months in the short period and divide that result by 12. Enter the final result on line 7.
5. Complete the rest of the form in the normal manner.

### Note:

All code sections, regulations, publications, etc. in the following instructions are federal provisions as amended through December 16, 2016.

## Line 2. Adjustments and Preferences

*To avoid duplication, do not include any AMT adjustment or preference taken into account on line 2i, 2j, 2k, or 2m in the amounts to be entered on any other line of this form.*

### Line 2a. Depreciation of Post-1986 Property

#### What Adjustments Are Not Included as Depreciation Adjustments?

Do not make a depreciation adjustment on line 2a for:

- A tax shelter farm activity. Take this adjustment into account on line 2i.
- Passive activities. Take this adjustment into account on line 2j.
- An activity for which the corporation is not at risk, or income or loss from a partnership interest, or stock in an S corporation if the basis limitations apply. Take this adjustment into account on line 2k.

#### What Depreciation Must Be Refigured for the AMT?

Generally, the corporation must refigure depreciation for the AMT, including depreciation allocable to inventory costs, for the following.

- Property placed in service after 1998 depreciated for the regular tax using the 200% declining balance method (generally 3-, 5-, 7-, or 10-year property under the modified accelerated cost recovery system (MACRS)), except for certain qualified property eligible for the special depreciation allowance (discussed later).
- Section 1250 property placed in service after 1998 that is not depreciated for the regular tax using the straight line method.
- Tangible property placed in service after 1986 and before 1999. (If the transitional election was made under section 203(a)(1)(B) of the Tax Reform Act of 1986, this rule applies to property placed in service after July 31, 1986.)

#### What Depreciation Is Not Refigured for the AMT?

Do not refigure depreciation for the AMT for the following.

- Residential rental property placed in service after 1998.
- Nonresidential real property with a class life of 27.5 years or more (generally, a building and its structural components) placed in service after 1998 that is depreciated for the regular tax using the straight line method.
- Other section 1250 property placed in service after 1998 that is depreciated for the regular tax using the straight line method.
- Property (other than section 1250 property) placed in service after 1998 that is depreciated for the regular tax using the 150% declining balance method or the straight line method.
- Property for which the corporation elected to use the alternative depreciation system (ADS) for the regular tax.
- Any qualified property eligible for a special depreciation allowance if the depreciable basis of the property for the AMT is the same as for the regular tax. In addition, no adjustment is required for any depreciation figured on the remaining basis of the qualified property. However, if the corporation elected not to have any special depreciation allowance apply, the property may be subject to an AMT adjustment for depreciation if it was placed in service before 2016. It is not subject to an AMT adjustment for depreciation if it was placed in service after 2015.
- Any part of the cost of any property that the corporation elected to expense under section 179. The reduction to the depreciable basis of section 179 property by the amount of the section 179 expense deduction is the same for the regular tax and the AMT.

## 2025 Schedule AMTI Instructions (Continued)

- Certain public utility property (if a normalization method of accounting is not used), motion picture films and video tape, sound recordings, and property that the corporation elects to exclude from MACRS by using a depreciation method that is not based on a term of years, such as the unit-of-production method.
- Any qualified Indian reservation property. See section 168(j)(3).
- Any natural gas gathering line (as defined in section 168(i)(17)) placed in service after April 11, 2005, the original use of which begins with the corporation after April 11, 2005, and which is not under self-construction or subject to a binding contract in existence before April 12, 2005.

### How Is Depreciation Refigured for the AMT?

**Property placed in service after 1998.** Use the same convention and recovery period used for the regular tax. Use the straight line method for section 1250 property. For property other than section 1250 property, use the 150% declining balance method, switching to the straight line method the first tax year it gives a larger deduction.

**Property placed in service before 1999.** Refigure depreciation for the AMT using ADS, with the same convention used for the regular tax. See the table below for the method and recovery period to use.

#### Property Placed in Service Before 1999

IF the property is...	THEN use the...
Section 1250 property.	Straight line method over 40 years.
Tangible property (other than section 1250 property) depreciated using the straight line method for the regular tax.	Straight line method over the property's AMT class life.
Any other tangible property.	150% declining balance method, switching to the straight line method the first tax year it gives a larger deduction, over the property's AMT class life.

### How is the AMT class life determined?

For property placed in service before 1999, the class life used for the AMT is not necessarily the same as the recovery period used for the regular tax.

The class lives are listed in these IRS releases: Rev. Proc. 87-56, 1987-2 C.B. 674, Rev. Proc. 88-22, 1988-1 C.B. 785, and in Pub. 946, How To Depreciate Property.

See Pub. 946 for tables that can be used to figure AMT depreciation. IRS Rev. Proc. 89-15, 1989-1 C.B. 816, and Pub. 946 have special rules for short tax years and for property disposed of before the end of the recovery period.

### How Is the Line 2a Adjustment Figured?

Subtract the AMT deduction for depreciation from the regular tax deduction and enter the result on line 2a. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

In addition to the AMT adjustment to the deduction for depreciation, also adjust the amount of depreciation that was capitalized, if any, to account for the difference between the rules for the regular tax and the AMT. Include on this line the current year adjustment to taxable income, if any, resulting from the difference.

#### Line 2b. Amortization of Certified Pollution Control Facilities

For facilities placed in service before 1999, figure the amortization deduction for the AMT using ADS (that is, the straight line method over the facility's class life). For facilities placed in service after 1998, figure the amortization deduction for the AMT under MACRS using the straight line method. Figure the AMT deduction using 100% of the asset's amortizable basis. Do not reduce the corporation's AMT basis by the 20% section 291 adjustment that applied for the regular tax.

Enter the difference between the AMT deduction and the regular tax deduction on line 2b. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

#### Line 2c. Amortization of Mining Exploration and Development Costs

*Do not make this adjustment for costs for which the corporation elected the optional 10-year write-off for the regular tax.*

For the AMT, the regular tax deductions under sections 616(a) and 617(a) are not allowed. Instead, capitalize these costs and amortize them ratably over a 10-year period beginning with the tax year in which the corporation paid or incurred them. The 10-year amortization applies to 100% of the mining development and exploration costs paid or incurred during the tax year. Do not reduce the corporation's AMT basis by the 30% section 291 adjustment that applied for the regular tax.

If the corporation had a loss on property for which mining exploration and development costs have not been fully amortized for the AMT, the AMT deduction is the smaller of (a) the loss allowable for the costs had they remained capitalized or (b) the remaining costs to be amortized for the AMT.

# 2025 Schedule AMTI Instructions (Continued)

Subtract the AMT deduction from the regular tax deduction. Enter the result on line 2c. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

## Line 2d. Amortization of Circulation Expenditures

*Complete this line only if the corporation is a personal holding company. Do not make this adjustment for expenditures of a personal holding company for which the company elected the optional 3-year write-off for the regular tax.*

For the regular tax, circulation expenditures may be deducted in full when paid or incurred. For the AMT, these expenditures must be capitalized and amortized over 3 years beginning with the tax year in which the expenditures were made.

If the corporation had a loss on property for which circulation expenditures have not been fully amortized for the AMT, the AMT deduction is the smaller of (a) the loss allowable for the expenditures had they remained capitalized or (b) the remaining expenditures to be amortized for the AMT.

Subtract the AMT deduction from the regular tax deduction. Enter the result on line 2d. If the AMT deduction is more than the regular tax deduction, enter the difference as a negative amount.

## Line 2e. Adjusted Gain or Loss

If, during the tax year, the corporation disposed of property for which it is making (or previously made) any of the adjustments described on lines 2a through 2d above, refigure the property's adjusted basis for the AMT. Then refigure the gain or loss on the disposition.

The property's adjusted basis for the AMT is its cost minus all applicable depreciation or amortization deductions allowed for the AMT during the current tax year and previous tax years. Subtract this AMT basis from the sales price to get the AMT gain or loss.

**Dispositions for which lines 2i, 2j, and 2k adjustments are made.** The corporation may also have gains or losses from lines 2i, 2j, and 2k that must be considered on line 2e. For example, if for the regular tax the corporation reports a loss from the disposition of an asset used in a passive activity, include the loss in the computations for line 2j to determine if any passive activity loss is limited for the AMT. Then, include the AMT passive activity loss allowed that relates to the disposition of the asset on line 2e in determining the corporation's AMT basis adjustment. It may be helpful to refigure the following for the AMT: Form 8810, Corporate Passive Activity Loss and Credit Limitations, and related worksheets; Schedule D (Form 1120), Capital Gains and Losses; Section B of Form 4684, Casualties and Thefts; or Form 4797, Sale of Business Property.

Enter on line 2e the difference between the regular tax gain or loss and the AMT gain or loss. Enter the difference as a negative amount if any of the following apply.

- The AMT gain is less than the regular tax gain.
- The AMT loss exceeds the regular tax loss.
- The corporation has an AMT loss and a regular tax gain.

## Line 2f. Long-Term Contracts

For the AMT, the corporation generally must use the percentage-of-completion method described in section 460(b) to determine the taxable income from any long-term contract (defined in section 460(f)). However, this rule does not apply to any home construction contract (as defined in section 460(e)(6)).

For contracts excepted from the percentage-of-completion method for the regular tax by section 460(e)(1), determine the percentage of completion using the simplified procedures for allocating costs outlined in section 460(b)(3).

Subtract the regular tax income from the AMT income. Enter the difference on line 2f. If the AMT income is less than the regular tax income, enter the difference as a negative amount.

## Line 2g. Merchant Marine Capital Construction Funds

Amounts deposited in these funds are not deductible for the AMT. Earnings on these funds must be included in gross income for the AMT. If the corporation deducted these amounts or excluded them from income for the regular tax, add them back on line 2g.

## Line 2h. Section 833(b) Deduction

This deduction is not allowed for the AMT. If the corporation took this deduction for the regular tax, add it back on line 2h.

## Line 2i. Tax Shelter Farm Activities

*Complete this line only if the corporation is a personal service corporation and it has a gain or loss from a tax shelter farm activity that is not a passive activity. If the tax shelter farm activity is a passive activity, include the gain or loss in the computations for line 2j.*

Refigure all gains and losses reported for the regular tax from tax shelter farm activities by taking into account any AMT adjustments and preferences. Determine the AMT gain or loss using the rules for the regular tax with the following modifications.

- No loss is allowed except to the extent the personal service corporation is insolvent.
- Do not use a loss in the current tax year to offset gains from other tax shelter farm activities. Instead, suspend any loss and carry it forward indefinitely until the corporation has a gain in a subsequent tax year from that same tax shelter farm activity or it disposes of the activity.

# 2025 Schedule AMTI Instructions (Continued)

*Keep adequate records for losses that are not deductible (and therefore carried forward) for both the AMT and regular tax.*

Enter on line 2i the difference between the AMT gain or loss and the regular tax gain or loss. Enter the difference as a negative amount if the corporation had:

- An AMT loss and a regular tax gain,
- An AMT loss that exceeds the regular tax loss, or
- A regular tax gain that exceeds the AMT gain.

## Line 2j. Passive Activities

*This adjustment applies only to closely held corporations and personal service corporations.*

Refigure all passive activity gains and losses reported for the regular tax by taking into account the corporation's AMT adjustments and preferences and AMT prior year unallowed losses that apply to that activity.

Determine the corporation's AMT passive activity gain or loss using the same rules used for the regular tax. Generally, no loss is allowed. However, if the corporation is insolvent, special rules apply. See section 58(c).

Disallowed losses of a personal service corporation are suspended until the corporation has income from that (or any other) passive activity or until the passive activity is disposed of (that is, its passive losses cannot offset "net active income" (defined in section 469(e)(2)(B)) or "portfolio income"). Disallowed losses of a closely held corporation that is not a personal service corporation are treated the same except that, in addition, they may be used to offset "net active income."

*Keep adequate records for losses that are not deductible (and therefore carried forward) for both the AMT and regular tax.*

Enter on line 2j the difference between the AMT gain or loss and the regular tax gain or loss. Enter the difference as a negative amount if the corporation had:

- An AMT loss and a regular tax gain,
- An AMT loss that exceeds the regular tax loss, or
- A regular tax gain that exceeds the AMT gain.

## Tax Shelter Farm Activities That Are Passive Activities

Refigure all gains and losses reported for the regular tax by taking into account the corporation's AMT adjustments and preferences and AMT prior year unallowed losses.

Use the same rules as outlined above for other passive activities, with the following modifications:

- AMT gains from tax shelter farm activities that are passive activities may be used to offset AMT losses from other passive activities.
- AMT losses from tax shelter farm activities that are passive activities may not be used to offset AMT gains from other passive activities. These losses must be suspended and carried forward indefinitely until the corporation has a gain in a subsequent year from that same activity or it disposes of the activity.

## Line 2k. Loss Limitations

Refigure gains and losses reported for the regular tax from at-risk activities and the corporation's share of distributive items from partnerships by taking into account the corporation's AMT adjustments and preferences. If the corporation has recomputed losses that must be limited for the AMT by section 465 or section 704(d) or the corporation reported losses for the regular tax from at-risk activities or distributive shares of partnership losses that were limited by those sections, figure the difference between the loss limited for the AMT and the loss limited for the regular tax for each applicable at-risk activity or distributive share of partnership loss. "Loss limited" means the amount of loss that is not allowable for the year because of the limitations above.

Enter on line 2k the excess of the loss limited for the AMT over the loss limited for the regular tax. If the loss limited for the regular tax is more than the loss limited for the AMT, enter the difference as a negative amount.

## Line 2l. Intangible Drilling Costs

*Do not make this adjustment for costs for which the corporation elected the optional 60-month write-off for the regular tax.*

Intangible drilling costs (IDCs) from oil, gas, and geothermal properties are a preference to the extent excess IDCs exceed 65% of the net income from the properties. Figure the preference for all geothermal deposits separately from the preference for all oil and gas properties that are not geothermal deposits.

**Excess IDCs.** Excess IDCs are the excess of:

- The amount of IDCs the corporation paid or incurred for oil, gas, or geothermal properties that it elected to expense for the regular tax (not including any IDCs paid or incurred for nonproductive wells) reduced by the section 291(b)(1) adjustment for integrated oil companies and increased by any IDCs allowed to be amortized under section 291(b)(2) over
- The amount that would have been allowed if the corporation had amortized that amount over a 120-month period starting with the month the well was placed in production or, alternatively, had elected any method that is permissible in determining cost depletion.

**Net income from oil, gas, and geo-thermal properties.** Net income is the gross income the corporation received or accrued from all oil, gas, and geothermal wells minus the deductions allocable to these properties (reduced by the excess IDCs). When refiguring net income, use only income and deductions allowed for the AMT.

## 2025 Schedule AMTI Instructions (Continued)

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**Exception.** The preference for IDCs from oil and gas wells does not apply to corporations that are independent producers (that is, not integrated oil companies as defined in section 291(b) (4)). However, this benefit may be limited. First, figure the IDC preference as if this exception did not apply. Then, for purposes of this exception, complete a second Schedule AMTI through line 5, including the IDC preference. If the amount of the IDC preference exceeds 40% of the amount figured for line 5, enter the excess on line 2l (the benefit of this exception is limited). If the amount of the IDC preference is equal to or less than 40% of the amount figured for line 5, do not include an amount on line 2l for oil and gas wells (the benefit of this exception is not limited).

### Line 2m. Other Adjustments and Preferences

Enter the net amount of any other adjustments and preferences, including the following.

**Income from the biofuel producer, biodiesel, and renewable diesel fuels credits.** If this income was included in the corporation's income for the regular tax, include this amount on line 2m as a negative amount.

**Income as the beneficiary of an estate or trust.** If the corporation is the beneficiary of an estate or trust, include on line 2m the AMT adjustment from Schedule K-1 (Form 1041), Part III, box 12.

**Net AMT adjustment from an electing large partnership.** If the corporation is a partner in an electing large partnership, include on line 2m the amount from Schedule K-1 (Form 1065-B), box 6. Also include on line 2m any amount from Schedule K-1 (Form 1065-B), box 5, unless the corporation is a closely held or personal service corporation. Closely held and personal service corporations should take any amount from box 5 into account when figuring the amount to enter on line 2j.

**Patron's AMT adjustment.** Distributions the corporation received from a cooperative may be includible in income. Unless the distributions are nontaxable, include on line 2m the total AMT patronage dividend adjustment reported to the corporation from the cooperative.

**Cooperative's AMT adjustment.** If the corporation is a cooperative, refigure the cooperative's deduction for patronage dividends by taking into account the cooperative's AMT adjustments and preferences. Subtract the cooperative's AMT deduction for patronage dividends from its regular tax deduction for patronage dividends and include the result on line 2m. If the AMT deduction is more than the regular tax deduction, include the result as a negative amount.

**Domestic production activities deduction.** For the AMT, figure the corporation's domestic production activities deduction under section 199 without taking into account any AMT adjustments and preferences. The section 199 deduction for the corporation's AMT is 9% of the smaller of (a) the qualified production activities income or (b) the alternative minimum taxable income (AMTI), determined without taking into account the section 199 deduction. Subtract the corporation's AMT section 199 deduction from its regular tax section 199 deduction and include the result on line 2m. If the AMT deduction is more than the regular tax deduction, include the result as a negative amount.

**Installment sales.** The installment method does not apply for the AMT to any nondealer disposition of property that occurred after August 16, 1986, but before the first day of the corporation's tax year that began in 1987, if an installment obligation to which the proportionate disallowance rule applied arose from the disposition. Include as a negative adjustment on line 2m the amount of installment sale income reported for the regular tax.

**Accelerated depreciation of real property and certain leased personal property (pre-1987).** Refigure depreciation for the AMT using the straight line method for real property for which accelerated depreciation was determined for the regular tax using pre-1987 rules. Use a recovery period of 19 years for 19-year real property and 15 years for low-income housing property. Figure the excess of the regular tax depreciation over the AMT depreciation separately for each property and include only positive adjustments on line 2m.

The adjustment for leased personal property only applies to personal holding companies. For leased personal property other than recovery property, enter the excess of the depreciation claimed for the property for the regular tax using pre-1987 rules over the depreciation allowable for the AMT as refigured using the straight line method.

For leased 10-year recovery property and leased 15-year public utility property, enter the excess of the regular tax depreciation over the depreciation allowable using the straight line method with a half-year convention, no salvage value, and a recovery period of 15 years (22 years for 15-year public utility property).

Figure this amount separately for each property and include only positive adjustments on line 2m.

*This preference generally applies only to property placed in service after 1987, but depreciated using pre-1987 rules due to transition provisions of the Tax Reform Act of 1986.*

**Related adjustments.** AMT adjustments and preferences may affect deductions that are based on an income limit (for example, charitable contributions). Refigure these deductions using the income limit as modified for the AMT. Include on line 2m an adjustment for the difference between the regular tax and AMT amounts for all such deductions. If the AMT deduction is more than the regular tax deduction, include the difference as a negative amount.

### Line 4. Adjusted Current Earnings (ACE) Adjustment

*The ACE adjustment does not apply to a regulated investment company or a real estate investment trust. Also, for an affiliated group filing a consolidated return under the rules of section 1501, figure line 4b on a consolidated basis.*

## 2025 Schedule AMTI Instructions (Continued)

**Line 4b.** The following examples illustrate the manner in which line 3 is subtracted from line 4a to get the amount to enter on line 4b.

**Example 1.** Corporation A has line 4a ACE of \$25,000. If Corporation A has line 3 pre-adjustment AMTI in the amounts shown below, its line 3 and line 4a amounts would be combined as follows to determine the amount to enter on line 4b.

<b>Line 4a ACE</b>	\$25,000	\$25,000	\$25,000
<b>Line 3 pre-adj. AMTI</b>	\$10,000	\$30,000	\$(50,000)
<b>Amount to enter on line 4b</b>	\$15,000	\$(5,000)	\$75,000

**Example 2.** Corporation B has line 4a ACE of \$(25,000). If Corporation B has line 3 pre-adjustment AMTI in the amounts shown below, its line 3 and line 4a amounts would be combined as follows to determine the amount to enter on line 4b.

<b>Line 4a ACE \$</b>	\$(25,000)	\$(25,000)	\$(25,000)
<b>Line 3 pre-adj. AMTI</b>	\$(10,000)	\$(30,000)	\$50,000
<b>Amount to enter on line 4b</b>	\$(15,000)	\$5,000	\$(75,000)

**Line 4d.** A potential negative ACE adjustment (that is, a negative amount on line 4b multiplied by 75%) is allowed as a negative ACE adjustment on line 4e only if the corporation's total increases in AMTI from prior year ACE adjustments exceed its total reductions in AMTI from prior year ACE adjustments (line 4d). The purpose of line 4d is to provide a "running balance" of this limitation amount. As such, the corporation must keep adequate records (for example, a copy of Schedule AMTI completed at least through line 5) from year to year (even in years in which it does not owe any AMT).

Any potential negative ACE adjustment that is not allowed as a negative ACE adjustment in a tax year because of the line 4d limitation cannot be used to reduce a positive ACE adjustment in any other tax year. Combine lines 4d and 4e of the 2024 Form 4626 and enter the result on line 4d of the 2025 Schedule AMTI, but do not enter less than zero.

For the following examples, prior year Minnesota pre-adjustment AMTI equals the amount on line 3 of Schedule AMTI and prior year Minnesota ACE equals the sum of lines 3 and 8 of Schedule AMTI.

**Example.** Corporation C, a calendar-year corporation, was incorporated January 1, 2013. Its ACE and pre-adjustment AMTI for 2021 through 2025 were as follows.

<b>Year</b>	<b>ACE Line 4a</b>	<b>Pre-adjustment AMTI Line 3</b>
2021	\$700,000	\$800,000
2022	900,000	600,000
2023	400,000	500,000
2024	(100,000)	300,000
2025	250,000	100,000

Corporation C subtracts its pre-adjustment AMTI from its ACE in each of the years and then multiplies the result by 75% to get the following potential ACE adjustments for 2021 through 2025.

<b>Year</b>	<b>ACE minus pre-adjustment AMTI Line 4a</b>	<b>Potential ACE adjustment Line 4c</b>
2021	\$(100,000)	\$(75,000)
2022	300,000	225,000
2023	(100,000)	(75,000)
2024	(400,000)	(300,000)
2025	150,000	112,500

Under these facts, Corporation C has the following increases or reductions in AMTI for 2021 through 2025.



## 2025 Schedule AMTI Instructions (Continued)

Year	ACE minus pre-adjustment AMTI Line 4a
2021	\$0
2022	225,000
2023	(75,000)
2024	(150,000)
2025	112,500

In 2021, Corporation C was not allowed to reduce its AMTI by any part of the potential negative ACE adjustment because it had no increases in AMTI from prior year ACE adjustments.

In 2022, Corporation C had to increase its AMTI by the full amount of its potential ACE adjustment. It was not allowed to use any part of its 2021 unallowed potential negative ACE adjustment of \$75,000 to reduce its 2022 positive ACE adjustment of \$225,000.

In 2023, Corporation C was allowed to reduce its AMTI by the full amount of its potential negative ACE adjustment because that amount is less than its line 4d limit of \$225,000.

In 2024, Corporation C was allowed to reduce its AMTI by only \$150,000. Its potential negative ACE adjustment of \$300,000 was limited to its 2022 increase in AMTI of \$225,000 minus its 2023 reduction in AMTI of \$75,000.

In 2025, Corporation C must increase its AMTI by the full amount of its potential ACE adjustment. It cannot use any part of its 2024 unallowed potential negative ACE adjustment of \$150,000 to reduce its 2024 positive ACE adjustment of \$112,500. Corporation C would complete the relevant portion of its 2025 Schedule AMTI as follows.

Line	Amount
4a	\$250,000
4b	150,000
4c	112,500
4d	-0-
4e	112,500

### Adjusted Current Earnings (ACE) Worksheet Instructions

#### Treatment of Certain Ownership Changes

If a corporation with a net unrealized built-in loss (within the meaning of section 382(h)) undergoes an ownership change (within the meaning of section 382(g) and Regulations section 1.56(g)-1(k)(2)), refigure the adjusted basis of each asset of the corporation (immediately after the ownership change). The new adjusted basis of each asset is its proportionate share (based on respective fair market values) of the fair market value of the corporation's assets (determined under section 382(h)) immediately before the ownership change.

To determine if the corporation has a net unrealized built-in loss immediately before an ownership change, use the aggregate adjusted basis of its assets used for figuring its ACE. Also, use these new adjusted bases for all future ACE calculations (such as depreciation and gain or loss on disposition of an asset).

#### Line 2. ACE Depreciation Adjustment

**Line 2a. AMT depreciation.** Generally, the amount entered on this line is the depreciation the corporation claimed for the regular tax (Form 4562, line 22), modified by the AMT depreciation adjustments reported on lines 2a and 2m of Schedule AMTI.

**Line 2b(1). Post-1993 property.** For property placed in service after 1993, the ACE depreciation is the same as the AMT depreciation. Therefore, enter on line 2b(1) the same depreciation expense you included on line 2a of this worksheet for such property.

**Line 2b(2). Post-1989, pre-1994 property.** For property placed in service in a tax year that began after 1989 and before 1994, use the ADS depreciation described in section 168(g). However, for property (a) placed in service in a tax year that began after 1989 and (b) described in sections 168(f)(1) through (4), use the same depreciation claimed for the regular tax and enter it on line 2b(5).

**Line 2b(3). Pre-1990 MACRS property.** For MACRS property generally placed in service after 1986 and in a tax year that began before 1990, figure depreciation by using the property's AMT adjusted basis as of the close of the last tax year beginning before 1990 and by using the straight line method over the remainder of the recovery period for the property under ADS. In doing so, use the convention that would have applied to the property under section 168(d). For more information (including an example that illustrates the application of these rules), see Regulations section 1.56(g)-1(b)(2).

**Line 2b(4). Pre-1990 original ACRS property.** For ACRS property generally placed in service in a tax year that began after 1980 and before 1987, figure depreciation by using the property's regular tax adjusted basis as of the close of the last tax year beginning before 1990 and by using the straight line method over the remainder of the recovery period for the property under ADS. In doing so, use the convention

## 2025 Schedule AMTI Instructions (Continued)

that would have applied to the property under section 168(d) (without regard to section 168(d)(3)). For more information (including an example that illustrates the application of these rules), see Regulations section 1.56(g)-1(b)(3).

**Line 2b(5). Property described in sections 168(f)(1) through (4).** For this property, use the regular tax depreciation, regardless of when the property was placed in service.

*Line 2b(5) takes priority over lines 2b(1), 2b(2), 2b(3), and 2b(4). For property that is described in sections 168(f)(1) through (4), use line 2b(5) instead of the line 2b(1), 2b(2), 2b(3), or 2b(4) that would otherwise apply.*

**Line 2b(6). Other property.** Use the regular tax depreciation for (a) property placed in service before 1981 and (b) property placed in service after 1980, in a tax year that began before 1990, that is excluded from MACRS by section 168(f)(5)(A)(i) or original ACRS by section 168(e)(4), as in effect before the Tax Reform Act of 1986.

**Line 2c. Total ACE depreciation.** Subtract line 2b(7) from line 2a and enter the result on line 2c. If line 2b(7) exceeds line 2a, enter the difference as a negative amount.

### Line 3. Inclusion in ACE of Items Included in Earnings and Profits (E&P)

In general, any income item that is not taken into account (see below) in determining the corporation's pre-adjustment AMTI but is taken into account in determining its E&P must be included in ACE. Any such income item can be reduced by all items related to that income item that would be deductible when figuring pre-adjustment AMTI if the income items to which they relate were included in the corporation's pre-adjustment AMTI for the tax year. Examples of these income items and the adjustments that relate to them include:

- Interest income from tax-exempt obligations excluded under section 103 minus any costs incurred in carrying these tax-exempt obligations.
- Proceeds of life insurance contracts excluded under section 101 minus the basis in the contract for purposes of ACE.

An income item is considered taken into account without regard to the timing of its inclusion in a corporation's pre-adjustment AMTI or its E&P. Only income items that are permanently excluded from pre-adjustment AMTI are included in ACE. An income item will not be considered taken into account merely because the proceeds from that item might eventually be reflected in the pre-adjustment AMTI of another taxpayer (for example, that of a shareholder) on the liquidation or disposal of a business.

Exceptions. Do not make an adjustment for the following.

- Any income from discharge of indebtedness excluded from gross income under section 108 (or the corresponding provision of prior law).
- For an insurance company taxed under section 831(b), any amount not included in gross investment income (as defined in section 834(b)).
- Any special subsidy payment for prescription drug plans excluded from gross income under section 139A.
- Any qualified shipping income excluded under section 1357.
- Tax-exempt interest on certain housing bonds issued after July 30, 2008, excluded under section 57(a)(5) (C)(iii).
- Tax-exempt interest on certain private activity bonds issued in 2009 and 2010. Special rules apply to refunding bonds. See section 56(g)(4) (B)(iv).

**Line 3c.** Include in ACE the income on life insurance contracts (as determined under section 7702(g)) for the tax year minus the part of any premium attributable to insurance coverage.

**Line 3d.** Do not include any adjustment related to the E&P effects of any charitable contribution.

### Line 4. Disallowance of Items Not Deductible From E&P

Generally, no deduction is allowed when figuring ACE for items not taken into account (see below) in figuring E&P for the tax year. These amounts increase ACE if they are deductible in figuring pre-adjustment AMTI (that is, they would be positive adjustments).

However, there are exceptions. Do not add back:

- Any deduction allowable under section 243 or 245 for any dividend that qualifies for a 100% dividends-received deduction under section 243(a), 245(b), or 245(c).
- Any dividend received from a 20%-owned corporation (see section 243(c)(2)), but only if the dividend is from income of the paying corporation that is subject to federal income tax.
- Any allowable domestic production activities deduction under section 199.

Special rules apply to certain dividends received by certain cooperatives.

An item is considered taken into account without regard to the timing of its deductibility in figuring pre-adjustment AMTI or E&P. Therefore, only deduction items that are permanently disallowed in figuring E&P are disallowed in figuring ACE.

**Items for which no adjustment is necessary.** Generally, no deduction is allowed for an item in figuring ACE if the item is not deductible in figuring pre-adjustment AMTI (even if the item is deductible in figuring E&P). The only exceptions to this general rule are the related reductions to an income item described in the second sentence of the instructions for line 3 above. Deductions that are not allowed in figuring ACE include:

- Capital losses that exceed capital gains
- Bribes, fines, and penalties disallowed under section 162
- Charitable contributions that exceed the limitations of section 170

# 2025 Schedule AMTI Instructions (Continued)

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- Meals and entertainment expenses that exceed the limitations of section 274
- Federal taxes disallowed under section 275
- Golden parachute payments that exceed the limitation of section 280G

**Line 4d.** Do not include any adjustment related to the E&P effects of any charitable contribution.

## Line 5. Other Adjustments

**Line 5a.** Except as noted below, in figuring ACE, determine the deduction for intangible drilling costs under section 312(n)(2)(A).

Subtract the ACE expense (if any) from the AMT expense (used to figure line 2l of Schedule AMTI) and enter the result on line 5a. If the ACE expense exceeds the AMT amount, enter the result as a negative amount.

**Exception.** The above rule does not apply to amounts paid or incurred for any oil or gas well by corporations that are independent producers (that is, not integrated oil companies as defined in section 291(b)(4)). If this exception applies, do not enter an amount on line 5a for oil and gas wells.

**Line 5b.** When figuring ACE, the current year deduction for circulation expenditures under section 173 does not apply. Therefore, treat circulation expenditures for ACE using the case law that existed before section 173 was enacted.

Subtract the ACE expense (if any) from the regular tax expense (for a personal holding company, from the AMT expense used to figure line 2d of Schedule AMTI) and enter the result on line 5b. If the ACE expense exceeds the regular tax amount (for a personal holding company, the AMT amount), enter the result as a negative amount.

*Do not make this adjustment for expenditures for which the corporation elected the optional 3-year write-off under section 59(e) for the regular tax.*

**Line 5c.** When figuring ACE, the amortization provisions of section 248 do not apply. Therefore, charge all organizational expenditures to a capital account and do not take them into account when figuring ACE until the corporation is sold or otherwise disposed of. Enter on line 5c all amortization deductions for organizational expenditures that were taken for the regular tax during the tax year.

**Line 5d.** The LIFO inventory adjustments provided in section 312(n)(4) apply in figuring ACE. See Regulations section 1.56(g)-1(f)(3).

**Line 5e.** For any installment sale in a tax year that began after 1989, a corporation generally cannot use the installment method to figure ACE. However, it may use the installment method for the applicable percentage (as determined under section 453A) of the gain from any installment sale to which section 453A(a)(1) applies.

Subtract the installment sale income reported for AMT from the ACE income from the sales and enter the result on line 5e. If the ACE income from the sales is less than the AMT amount, enter the difference as a negative amount.

## Line 6. Disallowance of Loss on Exchange of Debt Pools

When figuring ACE, a corporation may not recognize any loss on the exchange of any pool of debt obligations for any other pool of debt obligations having substantially the same effective interest rates and maturities. Add back (that is, enter as a positive adjustment) on line 6 any such loss to the extent recognized for the regular tax.

## Line 7. Acquisition Expenses of Life Insurance Companies for Qualified Foreign Contracts

For ACE, acquisition expenses of life insurance companies for qualified foreign contracts (as defined in section 807(e)(4) without regard to the treatment of reinsurance contract rules of section 848(e)(5)) must be capitalized and amortized by applying the treatment generally required under generally accepted accounting principles (and as if this rule applied to such contracts for all applicable tax years).

Subtract the ACE expense (if any) from the regular tax expense and enter the result on line 7. If the ACE expense is more than the regular tax expense, enter the result as a negative amount.

## Line 8. Basis Adjustments in Determining Gain or Loss From Sale or Exchange of Pre-1994 Property

If, during the tax year, the corporation disposed of property for which it is making (or previously made) any of the ACE adjustments, refigure the property's adjusted basis for ACE. Then refigure the property's gain or loss.

Enter the difference between the AMT gain or loss (used to figure line 2e of Schedule AMTI) and the ACE gain or loss. Enter the difference as a negative amount if any of the following apply.

- The ACE gain is less than the AMT gain,
- The ACE loss is more than the AMT loss, or
- The corporation had an ACE loss and an AMT gain.

# 2025 Adjusted Current Earnings (ACE) Worksheet

See ACE Worksheet Instructions. Keep for your records.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Schedule AMTI .....	1	_____
2	ACE depreciation adjustment:		
a	AMT depreciation .....	2a	_____
b	ACE depreciation		
(1)	Post-1993 property .....	2b(1)	_____
(2)	Post-1989, pre-1994 property .....	2b(2)	_____
(3)	Pre-1990 MACRS property .....	2b(3)	_____
(4)	Pre-1990 ACRS property .....	2b(3)	_____
(5)	Property described in sections 168(f)(1) through (4). . . .	2b(5)	_____
(6)	Other property .....	2b(6)	_____
(7)	Total ACE depreciation. Add line 2b(1) through 2b(6) .....	2b(7)	_____
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a .....	2c	_____
3	Inclusion in ACE of items included in earnings and profits (E&P)		
a	Death benefits from life insurance contracts .....	3a	_____
b	All other distributions from life insurance contracts (including surrenders) .....	3b	_____
c	Inside buildup of undistributed income in life insurance contracts .....	3c	_____
d	Other items (see Regulation section 1.56(g)-1(c)(6)(iii) through (ix) for a partial list) .....	3d	_____
e	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3d. ....	3e	_____
4	Disallowance of items not deductible from E&P		
a	Dividends paid on certain preferred stock or public utilities that are deductible under section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), Dec. 19, 2014, 128 Stat. 4043) ..	4a	_____
b	Dividends paid to an ESOP that are deductible under section 404(k) .....	4b	_____
c	Nonpatronage dividends that are paid and deductible under section 1382(c) .....	4c	_____
d	Other items (see Regulations sections 1.56(g)-1 (d)(3)(i) and (ii) for a partial list) .....	4d	_____
e	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4d .....	4e	_____
5	Other adjustments based on rules for figuring E&P		
a	Intangible drilling costs .....	5a	_____
b	Circulation expenditures .....	5b	_____
c	Organizational expenditures .....	5c	_____
d	LIFO inventory adjustments .....	5d	_____
e	Installment sales .....	5e	_____
f	Total other E&P adjustments. Combine lines 5a through 5e .....	5f	_____
6	Disallowance of loss on exchange of debt pools .....	6	_____
7	Acquisition expenses of life insurance companies for qualified foreign contracts .....	7	_____
8	Basis adjustments in determining gain or loss from sale or exchange of Pre-1994 property .....	8	_____
9	Adjusted current earnings. Combine lines 1, 2c, 3e, 4e, and 5f through 8. Enter the result here and on line 4a of Schedule AMTI .....	9	_____