

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

2011

3510

Attach to your California tax return.

Name(s) as shown on return	SSN, ITIN, or FEIN
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Part I Net Alternative Minimum Tax (AMT) on Exclusions

Section A – Form 540, Long Form 540NR (complete sections A & B), and Form 541 Filers

1 Combine the amounts from your 2010 Schedule P (540 or 540NR), Part I, line 15 through line 18, and enter the result here. Schedule P (541) filers. See instructions.	1		00
2 Enter any adjustments and tax preference items treated as exclusions. See instructions	2		00
3 AMT credit net operating loss deduction. See instructions	3	()	00
4 Combine line 1 through line 3. If zero or less, enter -0- here and on line 13; see instructions. If you were married/RDP filing separately for 2010 and this amount is more than \$308,159, see instructions	4		00
5 Enter the amount from your 2010 Schedule P (540 or 540NR), line 22, Exemption Worksheet, line 1. Schedule P (541) filers: enter \$39,762.	5		00
6 Enter the amount from your 2010 Schedule P (540 or 540NR), line 22, Exemption Worksheet, line 3. Schedule P (541) filers: enter \$149,111.	6		00
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8, then go to line 9. Otherwise, go to line 8	7		00
8 Multiply line 7 by 25% (.25).	8		00
9 Subtract line 8 from line 5. If zero or less, enter -0- here. If completing for a certain child under age 24, see instructions	9		00
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 13. See instructions	10		00
11 Tentative minimum tax on exclusions. Multiply line 10 by 7.25% (.0725). 2010 Long Form 540NR filers: enter the result here and go to Section B.	11		00
12 Regular tax before credits. Enter the amount from your 2010 Schedule P (540), Part II, line 25; or Schedule P (541), Part III, line 9	12		00
13 Net AMT on exclusions. Subtract line 12 from line 11. If zero or less, enter -0-. Enter the result here and go to Part II	13		00

Section B – Long Form 540NR Filers

14 Enter the amount from line 4	14		00
15 Enter the amount from your 2010 Schedule P (540NR), Part II, line 35.	15		00
16 Total AMT adjusted gross income on exclusions. Add line 14 and line 15	16		00
17 Enter the amount from your 2010 Schedule P (540NR), Part II, line 28.	17		00
18 Enter any adjustments and preferences treated as an exclusion. See instructions.	18		00
20 California AMT adjusted gross income on exclusions. Combine line 17 and line 18. Enter the result here. If you did not itemize deductions, enter the result here and on line 23. Skip line 21 through 23 and go to line 24	20		00
21 AMT itemized deduction percentage on exclusions. Divide line 20 by line 16. Do not enter more than 1.0000	21	_____	
22 Prorated AMT itemized deductions on exclusions. Multiply line 15 by line 21	22		00
23 CA alternative minimum taxable income on exclusions. Subtract line 22 from line 20.	23		00
24 CA AMT rate on exclusions. Divide line 11 by line 4. Do not enter more than 1.0000	24	_____	
25 CA tentative minimum tax on exclusions. Multiply line 23 by line 24.	25		00
26 Regular Tax. Enter the amount from 2010 Schedule P (540NR), Part II, line 44	26		00
27 Net AMT on exclusions. Subtract line 26 from line 25. If less than zero, enter -0-.	27		00

Part II Credit Computation

28 Enter the AMT from your 2010 Schedule P (540), Part II, line 26; Schedule P (540NR), Part II, line 45; or Schedule P (541), Part III, line 10. See instructions	28		00
29 Net AMT on exclusions. Enter the amount from line 13. Long Form 540NR filers: enter the amount from Section B, line 27	29		00
30 Adjusted net AMT. Subtract line 29 from line 28. If less than zero, enter as a negative amount.	30		00
31 Enter any carryover of unused AMT credit from 2010. See instructions	31		00
32 Combine line 30 and line 31. See instructions	32		00
33 Enter your 2011 regular tax from: Form 540, line 31; Long Form 540NR, line 37; or Form 541, line 21a.	33	00	
34 Exemption and other allowable credits. See instructions	34	00	
35 Subtract line 34 from line 33	35		00
36 Enter your 2011 tentative minimum tax. See instructions	36		00
37 Subtract line 36 from line 35. If zero or less, enter -0-.	37		00
38 Prior year AMT credit. Enter the smaller of line 32 or line 37 here and in column (b) of Schedule P (540), Part III, line 12; Schedule P (540NR), Part III, line 12; or Schedule P (541), Part IV, line 10	38		00
39 Subtract line 38 from line 32. This is the amount of your AMT credit carryover to 2012.	39		00

Instructions for Form FTB 3510

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2009**, and to the California Revenue and Taxation Code (R&TC).

What's New

Net Operating Loss – For taxable years beginning in 2010 and 2011, California suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover NOLs during the suspension period. **However**, taxpayers with a modified adjusted gross income of less than \$300,000 or with disaster loss carryovers are not affected by the NOL suspension rules. For more information, get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates and Trusts.

The carryover periods for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010.
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

Tax Computation for Certain Children with Investment Income – For taxable years beginning on or after January 1, 2010, California conforms to the provision of the Small Business and Work Opportunity Tax Act of 2007, which increased the age of children to 18 and under or a student under age 24, for elections made by parents reporting their child's interest and dividends.

General Information

A Purpose

Use form FTB 3510, Credit for Prior Year Alternative Minimum Tax - Individuals or Fiduciaries, to figure your 2011 California credit for prior year alternative minimum tax (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 one of following applies:

- Had an AMT credit carryover from 2010.
- Paid AMT for 2010, and had 2010 adjustments and tax preference items other than exclusions.

Corporations must use Schedule P (100 or 100W), Alternative Minimum Tax and Credit Limitations – Corporations, Part III to claim the credit for prior year AMT.

C Exclusions and Deferral Preferences

The 2010 AMT you paid is attributable to two types of adjustments and tax preferences, exclusions and deferral preferences. The amount of AMT attributable to the deferral preferences is available as a credit in 2011.

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

- The standard deduction or itemized deductions.
- Depletion.
- The exclusion for 50% of the gain on the sale of qualified small business stock described in California Revenue and Taxation Code (R&TC) Section 18152.5.

Deferral preferences are adjustments and tax preference items that cause only a temporary difference in the amount of tax you pay. The deferral preferences are all the other items listed on your 2010 Schedule P (540, 540NR, or 541) that are not exclusions.

Use form FTB 3510, Part I, to figure the amount of 2010 AMT that was attributable to only the exclusions.

Use form FTB 3510, Part II, to figure the amount of 2010 AMT that was attributable to the deferral preferences and the amount available as a credit in 2011.

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

Specific Line Instructions

Complete your 2011 Schedule P (540) through Part II, line 24; Schedule P (540NR) through Part II, line 43; 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 2010 Schedule P (541), Part I and Part II. Enter only exclusion items from Schedule P (541), line 4a through line 4d and any other exclusion items on Schedule P (541), line 4p and line 4q. If the amount on Schedule P (541), Part I, line 10 is zero or less, enter -0- on line 4 of form FTB 3510.

Otherwise, enter on line 4 of form FTB 3510, the amount from line 10 of Schedule P (541) adjusted for the beneficiary's exclusion items.

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

Schedule P (540 and 540NR) filers, combine your 2010 Schedule P (540 and 540NR), Part I, line 1 through line 7, line 13a, line 13c, and line 13l. **Do not** include any amount from line 12 of your 2010 Schedule P (540 and 540NR). Instead, include the exclusion items from line 12e, column (d) of your Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc for 2010.

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

Line 3 – Determine your 2010 Alternative Minimum Tax Credit Net Operation Loss Deduction (AMTCNOLD) and the AMTCNOLD that may be carried over to other years by following the provisions set forth under R&TC Section 17276.2, 17276.3, 17276.20, 17276.21, and 17276.22 with appropriate modifications taken into account for exclusion items.

Line 4 – If line 4 is zero and you paid 2010 AMT, all of the 2010 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 credit available for 2011.

Married/RDP taxpayers filing separate California tax returns: Complete the following computation if line 4 is more than \$308,159:

1. Enter the amount from line 4. . . . _____
2. Maximum exemption amount . . . \$308,159
Subtract line 2 from line 1. . . . _____
4. Multiply line 3 by 25% (.25) _____
5. Enter the smaller of line 4 or \$39,762. _____
6. Add line 1 and line 5. Enter the result here and replace the amount on form FTB 3510, line 4 with this amount _____

Line 9 – Enter the smaller of (1) the amount by which line 5 exceeds line 8 or (2) the child's 2010 earned income plus \$6,700, if the child did not file a joint return for 2010, at least one parent was alive at the end of 2010, and one of the following statements is true.

1. The child was under age 18 at the end of 2010.
2. The child was age 18 at the end of 2010 and did not have earned income that was more than half of their support.
3. The child was a full-time student over age 18 and under age 24 at the end of 2010 and did not have earned income that was more than half of their support.

Line 10 – If line 10 is -0- and you paid 2010 AMT, all of the 2010 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 2011.

Line 18 – Enter the adjustments and tax preference items treated as exclusions. Combine your Schedule P (540NR), Part II, lines 29a, 29h, and 29q. **Do not** include any amount from line 29f. Instead, include the exclusion items from your 2010 Schedule K-1 (541), line 12e, column (e).

Line 28 – Reduce the amount on line 28 by the same amount shown on one of the forms below if you reduced your 2010 AMT by any solar energy credit carryover or commercial solar energy credit carryover:

- Schedule P (540), Part III, line 23 and line 24, column (b).
- Schedule P (540NR), Part III, line 23 and line 24, column (b).
- Schedule P (541), Part IV, line 18 and line 19, column (b).

Enter the amount of the reduction in the space to the left of line 28.

Line 31 – Enter the amount of any unused AMT credit carryover from one of the following 2010 forms:

- Schedule P (540), Part III, line 11, column (d).
- Schedule P (540NR), Part III, line 11, column (d).
- Schedule P (541), Part IV, line 10, column (d).

Line 32 – If line 32 is zero or less, you do not have an AMT credit or an AMT credit to carry over. **Do not** complete the rest of this form. If line 32 is more than zero, enter the amount here and in column (a) of one of the following 2011 forms:

- Schedule P (540), Part III, line 12.
- Schedule P (540NR), Part III, line 12.
- Schedule P (541), Part IV, line 10.

Line 34 – Exemption and other allowable credits that cannot reduce regular tax below the tentative minimum tax.

Residents enter on line 34 the total of the following:

- The exemption credits from Form 540, line 32 (or Form 541, line 22).
- The amount of other allowable credits that are listed on your 2011 Schedule P (540 or 541), Section A1 and Section A2, column (b).

Nonresidents or Part-Year Residents enter on line 34 the total of the following:

- The exemption and other allowable credits from Long Form 540NR, line 39.
- The amount of other allowable credits that are listed on your 2011 Schedule P (540NR), Section A1 and Section A2, column (b).

See Schedule P (540, 540NR, or 541) for more information.

Line 36 – Enter the tentative minimum tax from one of the following 2011 forms:

- Schedule P (540), Part II, line 24.
- Schedule P (540NR), Part II, line 43.
- Schedule P (541), Part III, line 8.