

# 2019 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, 2015**, and to the California Revenue and Taxation Code (R&TC).

### What's New

#### Net Operating Loss (NOL) Carrybacks –

For taxable years beginning on or after January 1, 2019, net operating loss carrybacks are **not** allowed.

### General Information

#### Tax Computation for Certain Children with Investment Income –

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.

**Registered Domestic Partner (RDP)** – For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified.

### A Purpose

Use form FTB 3510, Credit for Prior Year Alternative Minimum Tax – Individuals or Fiduciaries, to figure your 2019 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 2018.
- Paid AMT for 2018, and had 2018 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 2018 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 2019.

**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.

**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 2018 Schedule P (540, 540NR, or 541) that are not exclusions.

Use form FTB 3510, Part I, to figure the amount of 2018 AMT that was attributable to only the exclusions.

Use form FTB 3510, Part II, to figure the amount of 2018 AMT that was attributable to the deferral preferences and the amount available as a credit in 2019.

California conforms 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 2019 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 2018 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. 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 2018 Schedule P (540 and 540NR), Part I, line 1 through line 7, line 13b, and line 13i.

**Do not** include any amount from line 12 of your 2018 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 2018.

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

**Line 3** – Determine your 2018 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, 17276.21, and 17276.22 with appropriate modifications taken into account for exclusion items.

**Line 4** – If line 4 is zero and you paid 2018 AMT, all of the 2018 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 2019.

**Married/RDP taxpayers filing separate California tax returns:** Complete the following computation if line 4 is more than \$369,562:

1. Enter the amount from line 4. . . . . \_\_\_\_\_
2. Maximum exemption amount . . . . . \$369,562
3. Subtract line 2 from line 1. . . . . \_\_\_\_\_
4. Multiply line 3 by 25% (.25) . . . . . \_\_\_\_\_
5. Enter the smaller of line 4 or \$47,685. . . . . \_\_\_\_\_
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 2018 earned income plus ~~\$7,750~~, if the child did not file a joint return for 2018, at least one parent was alive at the end of 2018, and one of the following statements is true.

1. The child was under age 18 at the end of 2018.
2. The child was age 18 at the end of 2018 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 2018 and did not have earned income that was more than half of their support.

**Certain January 1 Birthdays.** If the child was born on January 1, 2001, the child is considered to be 18 at the end of 2018. If the child was born on January 1, 2000, the child is considered to be 19 at the end of 2018. If the child was born on January 1, 1995, the child is considered to be 24 at the end of 2018.

**Line 10** – If line 10 is -0- and you paid 2018 AMT, all of the 2018 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 2019.

**Line 18** – Enter the adjustments and tax preference items treated as exclusions. Combine your 2018 Schedule P (540NR), Part II, lines 29a and 29h. **Do not** include any amount from line 29f. Instead, include the exclusion items from your 2018 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 2018 AMT by any solar energy credit carryover or commercial solar energy credit carryover:

- Schedule P (540), Part III, line 22 and line 23, column (b).
- Schedule P (540NR), Part III, line 22 and line 23, column (b).
- Schedule P (541), Part IV, line 17 and line 18, 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 2018 forms:

- Schedule P (540), Part III, line 10, column (d).
- Schedule P (540NR), Part III, line 10, column (d).
- Schedule P (541), Part IV, line 9, 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 2019 forms:

- Schedule P (540), Part III, line 10.
- Schedule P (540NR), Part III, line 10.
- Schedule P (541), Part IV, line 9.

**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 2019 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 Form 540NR, line 39.
- The amount of other allowable credits that are listed on your 2019 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 2019 forms:

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

Advance Draft  
as of 11/12/19