

1993



Department of the Treasury
Internal Revenue Service

Instructions for Form 8841

Deferral of Additional 1993 Taxes

Section references are to the Internal Revenue Code.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 1 hr., 12 min.
- Learning about the law or the form** 13 min.
- Preparing the form** 53 min.
- Copying, assembling, and sending the form to the IRS** 45 min.

If you have comments concerning the accuracy of these time estimates, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the Instructions for Form 1040.

General Instructions

Purpose of Form

Use Form 8841 if you elect to pay the additional 1993 taxes solely due to the rate increases reflected in the 1993 tax rate schedules in three equal annual installments. These installments are due by April 15, 1994; April 17, 1995; and April 15, 1996. The April 15, 1994, installment is part of the tax you pay with your 1993 return.

Note: If you are filing Form 1040NR, you must pay the first installment by your return due date (not including extensions). The remaining installments are due by the dates that are 1 and 2 years after that date.

Who Can File

You can file Form 8841 only if you do not owe alternative minimum tax for 1993 and your taxable income on Form 1040, line 37, is more than the amount shown below for your filing status:

- Single \$115,000
- Married filing jointly or qualifying widow(er) 140,000
- Head of household 127,500
- Married filing separately 70,000

Exception. Form 8841 may also be filed for a child under age 14 who files Form 8615, Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,200, if the amount on Form 8615, line 8, exceeds the amount shown above for the parent's filing status.

Also, your total payments made by April 15, 1994, from Form 1040, lines 54 through 58a and 59, plus any amount you pay with your return by April 15, must be at least as much as 90% of the amount from Form 1040, line 53, minus the amount you enter on Form 8841, line 16.

Note: If you are filing Form 1040NR, substitute your return due date (not including extensions) for April 15 in the preceding sentence.

When To Make the Election

You may elect to pay your additional 1993 taxes in installments only if you complete and attach Form 8841 to your original 1993 Federal income tax return and you file that return by the due date (including extensions).

Specific Instructions

Line 2

• If you checked box **a** or **b** on Form 1040, line 38, figure your tax as follows based on your filing status.

Single.—Enter \$12,107 plus 31% of the amount on line 1 that exceeds \$53,500.

Married filing jointly or qualifying widow(er).—Enter \$20,165 plus 31% of the amount on line 1 that exceeds \$89,150.

Married filing separately.—Enter \$10,082.50 plus 31% of the amount on line 1 that exceeds \$44,575.

Head of household.—Enter \$17,544 plus 31% of the amount on line 1 that exceeds \$76,400.

• If you checked box **c** on Form 1040, line 38, refigure your tax on the Schedule D Tax Worksheet by using the applicable tax rate schedule on the next page to figure the tax on line 12 of the Schedule D Tax Worksheet. Also, refigure your tax on line 9 of the Schedule D Tax Worksheet using that tax rate schedule if the amount on line 7 of that worksheet is more than the amount for your filing status under **Who Can File**, above.

• If you checked box **d** on Form 1040, line 38, refigure your tax on Form 8615 by using the applicable tax rate schedule on the next page for the parent's filing status to figure the tax on line 9 of that form. Also, refigure the tax on line 10 of that form based on the parent's filing status, and on lines 15 and 17 of that form based on the child's filing status, using the applicable tax rate schedule on the next page for any amount on which the tax is figured that is more than the amount for the applicable filing status under **Who Can File**, above.

• If you entered an amount on Form 1040, line 38e, also include the same amount in the total for line 2.

• If you elected under section 197(f)(9)(B)(ii) to recognize gain on the disposition of a section 197 intangible and pay tax on that gain at a rate of 39.6%, refigure that tax at 31% and include the tax in the total for line 2.

Line 4

Use the following tax rate schedule to refigure lines 23 and 29 of Form 4972.

If Form 4972, line 22 or 28 is:	Enter on Form 4972, line 23 or 29:
\$0–\$22,100	15% of that amount
\$22,100–\$53,500	\$3,315 + 28% of the amount over \$22,100
Over \$53,500	\$12,107 + 31% of the amount over \$53,500

Line 6

If Form 1040, line 45, is more than zero, complete the worksheet on the next page to figure your modified credits to enter on line 6. The instructions for the worksheet begin below.

Line 11

If this form is for a child under age 14, complete Form 6251 for purposes of this line, and enter the amount from line 10 of Form 8841 on line 27 of Form 6251. Use the worksheet for line 28 of Form 6251 to see if the child's alternative minimum tax can be limited. Refigure lines 5 through 17 of that worksheet using the applicable tax rate schedule on the next page. Enter the amount from Form 6251, line 28, on line 11. **Do not** file that Form 6251.

Line 16

This is your deferred additional 1993 tax. You must pay one-half of this amount by April 17, 1995. You must pay the other half by April 15, 1996. If you are filing Form 1040NR, see the **Note** under **Purpose of Form**.

You may pay these installments by either (a) applying any overpayment (attributable to payments made by the installment due date) from your 1994 or 1995 return, or (b) sending to the IRS by the due date a separate check or money order that clearly designates the payment as an installment payment of additional 1993 taxes.

No interest is due on the deferred tax if paid on time. If you do not pay the installments on time, the entire unpaid tax will be due immediately upon notice and demand from the IRS.

Line 7 of the Worksheet

If you have a qualified electric vehicle (QEV) credit, orphan drug credit, or nonconventional source fuel (NSF) credit from a passive activity, complete the following steps to figure the amount to enter on this line:

Step 1. If you are filing Form 8582-CR for the QEV credit, orphan drug credit, or NSF credit, complete another Form 8582-CR as a worksheet. Refigure lines 6 through 37 on that form, and Worksheets 5 through 9 in the Form 8582-CR instructions (whichever apply), by substituting the following tax rate schedules for the **tax table** or **tax rate schedules** you originally used:

Single

If the amount on which you are figuring the tax is:	The tax is:
\$0-\$22,100	15% of that amount
\$22,100-\$53,500	\$3,315 + 28% of the amount over \$22,100
Over \$53,500	\$12,107 + 31% of the amount over \$53,500

Married filing jointly or qualifying widow(er)

If the amount on which you are figuring the tax is:	The tax is:
\$0-\$36,900	15% of that amount
\$36,900-\$89,150	\$5,535 + 28% of the amount over \$36,900
Over \$89,150	\$20,165 + 31% of the amount over \$89,150

Married filing separately

If the amount on which you are figuring the tax is:	The tax is:
\$0-\$18,450	15% of that amount
\$18,450-\$44,575	\$2,767.50 + 28% of the amount over \$18,450
Over \$44,575	\$10,082.50 + 31% of the amount over \$44,575

Head of household

If the amount on which you are figuring the tax is:	The tax is:
\$0-\$29,600	15% of that amount
\$29,600-\$76,400	\$4,440 + 28% of the amount over \$29,600
Over \$76,400	\$17,544 + 31% of the amount over \$76,400

Step 2. If you have a QEV credit, orphan drug credit, or NSF credit from a passive activity held through a publicly traded partnership (PTP), also refigure that credit by substituting the tax rate schedules above for the **tax table** or **tax rate schedules** you originally used to figure passive activity credits allowed from PTPs.

Step 3. Based on the changes you made in steps 1 and 2, refigure lines 10 and 11 of Form 8834, line 4 of Form 6765, and any NSF credit before the tax liability limitation.

Step 4. Add the amounts you figured in step 3 for line 11 of Form 8834, line 4 of Form 6765, and the NSF credit before the tax liability limitation. Enter the total on line 7 of the worksheet.

Line 12 of the Worksheet

If you have a low-income housing credit or other passive activity general business credit, complete the following steps to figure the amount to enter on this line:

Step 1. If you are filing Form 8582-CR for any general business credit (including the low-income housing credit), complete another Form 8582-CR as a worksheet. Refigure lines 6 through 37 on that form, and Worksheets 5 through 9 in the Form 8582-CR instructions (whichever apply), by substituting the tax rate schedules on this page for the **tax table** or **tax rate schedules** you originally used.

Step 2. If you have a low-income housing credit or other passive activity general business credit and the credit is from a PTP, also refigure that credit by substituting the tax rate schedules on this page for the **tax table** or **tax rate schedules** you originally used to figure passive activity credits allowed from PTPs.

Step 3. Based on the changes you made in steps 1 and 2, refigure lines 4 through 7 of Form 3800 or line 7 of Form 8586.

Step 4. Enter on line 12 of the worksheet the amount you figured in step 3 for line 7 of Form 3800 or 8586.

Line 14 of the Worksheet

If you are married filing separately, you must use \$12,500 instead of \$25,000, unless your spouse has no current year general business credit (and no carryforwards or carrybacks to the current year).

Line 17 of the Worksheet

If you are claiming the credit for increasing research activities, refigure the limit based on tax attributable to your taxable income from the trade or business or entity generating the credit by subtracting line 14 from line 15 and multiplying the result by the ratio of taxable income attributable to your interest in that trade or business or entity to your total taxable income.

Modified Credits Worksheet—Line 6 (keep for your records)

- | | |
|---|-----------|
| 1. Modified regular tax. Enter the amount from Form 8841, line 5 | 1. _____ |
| 2. Enter the amount from Form 6251, line 24. You must complete Form 6251 through line 24 to figure the amount to enter on this line | 2. _____ |
| 3. Subtract line 2 from line 1. If zero or less, enter -0- | 3. _____ |
| 4. Add line 10 of Form 2441 before the credit limit and line 7 of Form 8396 | 4. _____ |
| 5. Enter the smaller of line 3 or line 4 | 5. _____ |
| 6. Recompute your foreign tax credit on Form 1116 by substituting the excess of line 1 above over line 5 above for the amount on Form 1116, line 19 | 6. _____ |
| 7. If you have a qualified electric vehicle credit, orphan drug credit, or nonconventional source fuel credit, and that credit is from a passive activity, see the instructions for the amount to enter. Otherwise, add line 11 of Form 8834, line 4 of Form 6765, and any nonconventional source fuel credit before the tax liability limitation, and enter the result | 7. _____ |
| 8. Subtract the sum of lines 5 and 6 from line 1 | 8. _____ |
| 9. Enter the amount from Form 6251, line 26. You must complete Form 6251 through line 26 to figure the amount to enter on this line | 9. _____ |
| 10. Subtract line 9 from line 8. If zero or less, enter -0- and skip lines 11 through 20 | 10. _____ |
| 11. Enter the smaller of line 7 or line 10 | 11. _____ |
| 12. If you have a low-income housing credit or other passive activity general business credit, see the instructions for the amount to enter. If you are filing Form 3800 and have no passive activity credits, enter the amount from Form 3800, line 7. If you have a general business credit (other than the low-income housing credit), but are not filing Form 3800, enter the amount of the current year credit before the tax liability limitation | 12. _____ |
| 13. Subtract line 11 from line 8 | 13. _____ |
| 14. If line 13 is more than \$25,000, enter 25% (.25) of the excess (see instructions if married filing separately) | 14. _____ |
| 15. Add line 13 and Form 8841, line 11. You must complete lines 9 through 11 of Form 8841 to figure the amount to enter on this line. | 15. _____ |
| 16. Subtract line 9 or line 14, whichever is greater, from line 15. If zero or less, enter -0- | 16. _____ |
| 17. Enter the smaller of line 12 or line 16. See instructions if you are claiming the credit for increasing research activities | 17. _____ |
| 18. Enter the amount from Form 8801, line 21 | 18. _____ |
| 19. Subtract the sum of lines 9 and 17 from line 13. If zero or less, enter -0- | 19. _____ |
| 20. Enter the smaller of line 18 or line 19 | 20. _____ |
| 21. Modified credits. Add lines 5, 6, 11, 17, and 20. Enter here and on Form 8841, line 6 | 21. _____ |