

Six Facts the IRS Wants You to Know about the Alternative Minimum Tax

The Alternative Minimum Tax attempts to ensure that anyone who benefits from certain tax advantages pays at least a minimum amount of tax. The AMT provides an alternative set of rules for calculating your income tax. In general, these rules should determine the minimum amount of tax that someone with your income should be required to pay. If your regular tax falls below this minimum, you have to make up the difference by paying alternative minimum tax.

Here are six facts the Internal Revenue Service wants you to know about the AMT and changes for 2010.

1. Tax laws provide tax benefits for certain kinds of income and allow special deductions and credits for certain expenses. These benefits can drastically reduce some taxpayers' tax obligations. Congress created the AMT in 1969, targeting higher-income taxpayers who could claim so many deductions they owed little or no income tax.
2. Because the AMT is not indexed for inflation, a growing number of middle-income taxpayers are discovering they are subject to the AMT.
3. You may have to pay the AMT if your taxable income for regular tax purposes plus any adjustments and preference items that apply to you are more than the AMT exemption amount.
4. The AMT exemption amounts are set by law for each filing status.
5. For tax year 2010, Congress raised the AMT exemption amounts to the following levels:
 - \$72,450 for a married couple filing a joint return and qualifying widows and widowers;
 - \$47,450 for singles and heads of household;
 - \$36,225 for a married person filing separately.
6. The minimum AMT exemption amount for a child whose unearned income is taxed at the parents' tax rate has increased to \$6,700 for 2010.

Use the IRS AMT Assistant to determine whether you may be subject to the AMT. Taxpayers can find more information about the Alternative Minimum Tax and how it impacts them by accessing IRS Form 6251, Alternative Minimum Tax —Individuals, and its instructions at <http://www.irs.gov> or by calling 800-TAX-FORM (800-8293676).