

# Low-Income Housing Credit

▶ Attach to your return.

Name(s) as shown on return

Identifying number

## Part I Current Year Low-Income Housing Credit (See instructions.)

1	Number of Forms 8609 attached	▶	
2	Eligible basis of building(s) (total from attached Schedule(s) A (Form 8609), line 1)		2
3a	Qualified basis of low-income building(s) (total from attached Schedule(s) A (Form 8609), line 3)		3a
b	Has there been a decrease in the qualified basis of any building(s) since the close of the preceding tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," enter the building identification number (BIN) of the building(s) that had a decreased basis. If more space is needed, attach a schedule to list the BINs.		
	(i) (ii) (iii) (iv)		
4	Credit for the year (total from attached Schedule(s) A (Form 8609) (see instructions))		4
5	Credits from flow-through entities (if from more than one entity, see instructions):		
	If you are a— Then enter total of current year housing credit(s) from—		
	a Shareholder Schedule K-1 (Form 1120S), lines 12b(1) through (4)	} EIN of flow-through entity	5
	b Partner Schedule K-1 (Form 1065), lines 13b(1) through (4)		
	c Beneficiary Schedule K-1 (Form 1041), line 13		
6	Current year credit. Add lines 4 and 5. (See instructions to see if you complete Part II or file Form 3800.)		6
7	Passive activity credit or current year credit for 1992 (see instructions)		7

## Part II Tax Liability Limitation

8a	Individuals. Enter amount from Form 1040, line 40	}	8
b	Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)		
c	Other filers. Enter regular tax before credits from your return		
9	Credits that reduce regular tax before the low-income housing credit:		
a	Credit for child and dependent care expenses (Form 2441)	9a	
b	Credit for the elderly or the disabled (Schedule R (Form 1040))	9b	
c	Foreign tax credit (Form 1116 or Form 1118)	9c	
d	Possessions tax credit (Form 5735)	9d	
e	Mortgage interest credit (Form 8396)	9e	
f	Credit for fuel from a nonconventional source	9f	
g	Orphan drug credit (Form 6765)	9g	
h	Add lines 9a through 9g		9h
10	Net regular tax. Subtract line 9h from line 8		10
11	Tentative minimum tax (see instructions):		
a	Individuals. Enter amount from Form 6251, line 20	}	11
b	Corporations. Enter amount from Form 4626, line 15		
c	Estates and trusts. Enter amount from Form 1041, Schedule H, line 37		
12	Net income tax:		
a	Individuals. Add line 10 above and line 22 of Form 6251	}	12
b	Corporations. Add line 10 above and line 17 of Form 4626		
c	Estates and trusts. Add line 10 above and line 39 of Form 1041, Schedule H		
13	If line 10 is more than \$25,000, enter 25% (.25) of excess (see instructions)		13
14	Subtract line 11 or line 13, whichever is greater, from line 12. Enter the result. (If less than zero, enter -0-.)		14
15	Low-income housing credit allowed for current year. Enter the smaller of line 7 or line 14. This is your <b>General Business Credit</b> for 1992. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns		15

**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** . . . . . 5 hr., 59 min.

**Learning about the law or the form** . . . . . 1 hr., 32 min.

**Preparing and sending the form to the IRS** . . . . . 4 hr., 6 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, 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 of the tax return with which this form is filed.

### Items To Note

• The authority of housing credit agencies to make current year credit allocations begins to

phase-out after June 30, 1992. There is an exception for certain buildings financed by tax-exempt bonds subject to the volume cap. See section 42(o).

• If you have a credit from a flow-through entity, enter the entity's EIN and the credit amount on line 5. If you have a credit from more than one entity, see the **Line 5** instructions.

• If you have only the low-income credit portion of the general business credit and have no carryback or carryforward of the general business credit, do not complete Form 3800. See line 6 instructions.

## General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

### Purpose of Form

Owners of residential rental buildings providing low-income housing use Form 8586 to claim the low-income housing credit.

The low-income housing credit determined under section 42 is a credit of 70% of the qualified basis of each new low-income building placed in service after 1986 (30% in the case of certain federally subsidized new buildings or existing buildings). This credit is taken over a 10-year period so that the present value of the 10 annual credit amounts determined as of the last day of the first year of the credit period equals 70% (or 30%) of the building's qualified basis.

In general, the 10-year credit period starts at the beginning of the tax year in which the building is placed in service. However, you may elect to begin the 10-year credit period in the tax year after the year the building was placed in service by checking the "Yes" box in Part II, line 5a, of **Form 8609**, Low-income Housing Credit Allocation Certification.

**Caution:** No credit may be claimed on any building for which there has been allowed any relief from the passive loss rules under section 502 of the Tax Reform Act of 1986.

### Partnerships, S Corporations, Estates, and Trusts

Complete Part I to figure the credit to pass through to the partners, shareholders, or beneficiaries. Attach Form 8586 to the entity's income tax return along with a Form 8609, and **Schedule A (Form 8609)**, Annual Statement, for each building.

### Qualified Low-Income Housing Project

The low-income housing credit can only be claimed for residential rental buildings in low-income housing projects that meet one of the minimum set-aside tests (20–50 or 40–60 (25–60 for New York City only)). See the instructions for line 5(c), Part II on Form 8609 for details.

You may elect either test for the project, but once made, the election is irrevocable. The test elected must be the same for all buildings in the project. Use Form 8609 to make this election. See section 42(g) for more details.

Except as noted below, you must obtain a Form 8609 (with Part I completed) from the state or local credit agency for each building for which you are claiming a credit. A copy of Form 8609 and accompanying Schedule A (Form 8609) for each building must be attached to your return for each year of the 15-year compliance period. You must also certify certain first-year information to the IRS on Form 8609. If this certification is not made, you may not claim a credit for that building.

You may not take a low-income housing credit on a building if it has not received an allocation. Generally, the allocation must be received by the close of the calendar year the building is placed in service. In addition, no credit will be allowed in excess of the amount allocated to the building by the housing credit agency. See section 42(h)(1) for details. An

allocation is not needed when (1) 50% or more of the aggregate basis of the building and the land on which the building is located is financed with certain tax-exempt bonds issued after 1989 for buildings placed in service after 1989; or (2) 70% or more of the aggregate building and land is financed with certain tax-exempt bonds issued before 1990.

Except as noted below, you must still get a Form 8609 from the applicable housing credit agency (with Part I completed, including an assigned building identification number) and you must still complete the appropriate parts of Form 8609 and attach it to your return.

"Land on which the building is located" includes only land that is functionally related and subordinate to the qualified low-income building (see Regulations sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) for the meaning of "functionally related and subordinate").

**Note:** You do not need to obtain or attach Form 8609 or Schedule A (Form 8609) to Form 8586 if the only credit claimed on Form 8586 is a credit from a flow-through entity.

### Recapture of Credit

There is a 15-year compliance period during which the residential rental building must continue to meet certain requirements. If, as of the close of any tax year in this period, there is a reduction in the qualified basis of any building from the previous year, you may have to recapture a part of the credit you have taken. Similarly, you may have to recapture part of the credits taken in previous years upon certain dispositions of the building or interests therein. Use **Form 8611**, Recapture of Low-Income Housing Credit. See the instructions for Form 8611 and section 42(j) for more information.

### Recordkeeping Requirements

You should keep a copy of this Form 8586 together with all Forms 8609, Schedule(s) A (Form 8609), and Form 8611 for 3 years after the 15-year compliance period ends.

## Specific Instructions

**Note:** If the only credit claimed on Form 8586 is a credit you received from a flow-through entity (i.e., partnership, S corporation, estate, or trust), do not complete lines 1 through 4 or attach Forms 8609. Complete only lines 5, 6, and 7 of Part I and the applicable lines of Part II, or Form 3800, if required.

### Part I

**Line 1.**—If any of the attached Forms 8609 are for buildings that are part of a multiple building project (defined in instructions for Part II, line 2b of Form 8609), attach a schedule listing the following information for each project: (1) name and address of the project and each building in the project, (2) the building identification number (BIN) of each building in the project, (3) the aggregate credit dollar amount for the project, and (4) the credit allocated to each building in the project.

**Line 3b.**—A decrease in qualified basis will result in recapture if the qualified basis at the close of the tax year is less than the qualified basis at the close of the first year of the credit period.

**Important:** If the reduction in qualified basis at the close of the tax year also results in a

violation of the minimum set-aside requirement, then no credit is allowable for the year. If you must recapture credits, use Form 8611. See section 42(j) for more information.

**Line 4.**—The line 4 credit for the year is figured on Schedule A (Form 8609) for each building. Attach copies of Form(s) 8609 and Schedule(s) A (Form 8609) to Form 8586 for each tax year a credit is claimed. Enter on line 4 the credit from Schedule A (Form 8609). If more than one Form 8609 and related Schedules A are attached, enter on line 4 the total credit from all attached Schedules A.

If Form 8586 is completed by a flow-through entity and the line 4 credit is attributable to more than one building, the entity must attach a schedule to Form 8586 that shows each partner's, shareholder's, or beneficiary's name, taxpayer identification number, and share of the line 4 credit for each building and the BIN of each building.

**Line 5.**—If you have credits from more than one flow-through entity, attach a statement that shows the EIN and credit amount for each entity. Enter the total credit on line 5.

**Line 6.**—If the line 6 credit is your only 1992 general business credit (see **Note** below) and you do not have a carryback or carryforward of any general business credit, complete lines 7 through 15 to determine your allowed low-income housing credit.

If you have more than one general business credit or a carryback or carryforward of any general business credit, do **not** complete line 7 or Part II. Enter the line 6 credit on **Form 3800**, General Business Credit, and complete Form 3800 to determine your allowed credit.

**Note:** The general business credit consists of several credits including the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit (Form 8586), disabled access credit (Form 8826), enhanced oil recovery credit (Form 8830), and the renewable electricity production credit (Form 8835).

**Line 7.**—The line 6 credit may be limited by the passive activity credit limitations. Individuals, estates, and trusts must complete **Form 8582-CR**, Passive Activity Credit Limitations. Closely held corporations and personal service corporations must complete **Form 8810**, Passive Activity Loss and Credit Limitations. Enter the credit allowed from Form 8582-CR or Form 8810 on line 7. Corporations not required to complete Form 8810 should enter the amount from line 6 on line 7.

### Part II

**Line 11.**—Enter the tentative minimum tax (TMT) that was figured on the appropriate alternative minimum tax (AMT) form or schedule. Although you may not owe AMT, you must still compute the TMT to figure your credit.

**Line 13.**—See section 38(c)(2) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

**Line 15.**—If you cannot use part or all of the credit because of the tax liability limitation (line 15 is smaller than line 7), carry the excess to other years. See the separate Instructions for Form 3800 for details.