

Name(s) shown on return

Identifying number

**Part I Current Year Credit**

|               |   |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
|---------------|---|---------------|--|---|--|---------------|--|-----------|--|---------------|--|--|--|---|--|
| 1             | Number of Forms 8609-A attached . . . . . ▶   |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
| 2             | Has there been a decrease in the qualified basis of any buildings since the close of the preceding tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," enter the building identification numbers (BINs) of the buildings that had a decreased basis. If you need more space, attach a schedule.<br>(i) . . . . . (ii) . . . . . (iii) . . . . . (iv) . . . . .   |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
| 3             | Current year credit from attached Form(s) 8609-A (see instructions) . . . . .   | 3             |  |   |  |               |  |           |  |               |  |  |  |   |  |
| 4             | Low-income housing credits from pass-through entities (if more than one entity, see instructions):<br><br><table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">If you are a—</td> <td style="width: 50%;">Then enter the total of the current year credits from—</td> <td rowspan="3" style="width: 10%; text-align: center;">}</td> <td rowspan="3" style="width: 10%;"></td> </tr> <tr> <td>a Shareholder</td> <td>Schedule K-1 (Form 1120S), box 13, codes A and B</td> </tr> <tr> <td>b Partner</td> <td>Schedule K-1 (Form 1065), box 15, codes A and B; or<br/>Schedule K-1 (Form 1065-B), box 8</td> </tr> <tr> <td>c Beneficiary</td> <td>Schedule K-1 (Form 1041), box 13, code C</td> <td></td> <td></td> </tr> </table><br>EIN of pass-through entity . . . . . | If you are a— | Then enter the total of the current year credits from— | } |  | a Shareholder | Schedule K-1 (Form 1120S), box 13, codes A and B | b Partner | Schedule K-1 (Form 1065), box 15, codes A and B; or<br>Schedule K-1 (Form 1065-B), box 8 | c Beneficiary | Schedule K-1 (Form 1041), box 13, code C |  |  | 4 |  |
| If you are a— | Then enter the total of the current year credits from—  | }             |  |   |  |               |  |           |  |               |  |  |  |   |  |
| a Shareholder | Schedule K-1 (Form 1120S), box 13, codes A and B  |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
| b Partner     | Schedule K-1 (Form 1065), box 15, codes A and B; or<br>Schedule K-1 (Form 1065-B), box 8  |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
| c Beneficiary | Schedule K-1 (Form 1041), box 13, code C  |               |  |   |  |               |  |           |  |               |  |  |  |   |  |
| 5             | Add lines 3 and 4. See instructions to find out if you complete lines 6 through 17 or file Form 3800  | 5             |  |   |  |               |  |           |  |               |  |  |  |   |  |
| 6             | <b>Current year credit or passive activity credit</b> (see instructions) . . . . .  | 6             |  |   |  |               |  |           |  |               |  |  |  |   |  |

**Part II Allowable Credit**

|     |  |     |  |
|-----|--|-----|--|
| 7   | Regular tax before credits:<br><ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 1040, line 44 . . . . .</li> <li>• Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return . . . . .</li> <li>• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .</li> </ul> | 7   |  |
| 8   | Alternative minimum tax:<br><ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 35 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 14. . . . .</li> <li>• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56. . . . .</li> </ul>  | 8   |  |
| 9   | Add lines 7 and 8 . . . . .  | 9   |  |
| 10a | Foreign tax credit . . . . .   | 10a |  |
| b   | Credits from Form 1040, lines 48 through 54 . . . . .  | 10b |  |
| c   | Possessions tax credit (Form 5735, line 17 or 27) . . . . .  | 10c |  |
| d   | Nonconventional source fuel credit (Form 8907, line 23) . . . . .  | 10d |  |
| e   | Other specified credits (see instructions) . . . . .   | 10e |  |
| f   | Add lines 10a through 10e . . . . .  | 10f |  |
| 11  | Net income tax. Subtract line 10f from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16 . . . . .  | 11  |  |
| 12  | Net regular tax. Subtract line 10f from line 7. If zero or less, enter -0- . . . . .   | 12  |  |
| 13  | Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions) . . . . .   | 13  |  |
| 14  | Tentative minimum tax (see instructions):<br><ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 33. . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 12. . . . .</li> <li>• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54 . . . . .</li> </ul>   | 14  |  |
| 15  | Enter the greater of line 13 or line 14 . . . . .  | 15  |  |
| 16  | Subtract line 15 from line 11. If zero or less, enter -0-. . . . .   | 16  |  |
| 17  | <b>Credit allowed for the current year.</b> Enter the <b>smaller</b> of line 6 or line 16 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 16 is smaller than line 6, see instructions  | 17  |  |

## General Instructions

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

### Purpose of Form

Use Form 8586 to claim the low-income housing credit. This general business credit is allowed for each new qualified low-income building placed in service after 1986; it is taken over a 10-year credit period. The present value of the 10 annual credit amounts equals 70% of the building's qualified basis (30% for certain federally subsidized new buildings or existing buildings).

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

Complete Part I to figure the credit to pass through to the shareholders, partners, or beneficiaries. Attach Form 8586 to the pass-through income tax return along with Form 8609-A, Annual Statement for Low-Income Housing Credit, for each building. An electing large partnership treats the part of the credit attributable to property placed in service before 1990 as a "rehabilitation credit" when reporting the credit to its partners.

### 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. For details, see the instructions for Form 8609, Part II, line 10c.

Except for buildings financed with certain tax-exempt bonds, you may not take a low-income housing credit on a building if it has not received an allocation from the housing credit agency. Also, the credit cannot exceed the amount allocated to the building. See section 42(h)(1) for details. No allocation is needed when (a) 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 (b) 70% or more of the aggregate basis of the building and land is financed with certain tax-exempt bonds issued before 1990. "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)).

### 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 the 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. If you must recapture credits, use Form 8611, Recapture of Low-Income Housing Credit. See section 42(j) for details.

**Caution.** If you are subject to recapture, go to Form 8611 before computing the amount of any carryforward of the low-income housing credit. The recapture may reduce the amount of any carryforward of the credit to Form 3800, General Business Credit. See the instructions for line 5.

### Recordkeeping

Keep a copy of this Form 8586 together with all Forms 8609, Schedules A (Form 8609) (and successor Forms 8609-A), and Forms 8611 for 3 years after the 15-year compliance period ends.

### Specific Instructions

Unless you are claiming the credit from a pass-through entity (such as an S Corporation, partnership, estate, or trust), you must have a properly signed and completed Form 8609, and you must also complete Form 8609-A, in order to claim the credit. If all your credits are from pass-through entities, skip lines 1 through 3.

**Line 1.** If any of the attached Forms 8609-A are for buildings that are part of a multiple building project (defined in instructions for Part II of Form 8609), attach a schedule listing for each project (a) the name and address of the project and each building in the project, (b) the building identification number (BIN) of each building, (c) the aggregate credit dollar amount for the project, and (d) the credit allocated to each building.

**Line 2.** 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.

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.

**Line 3.** The credit for the year is figured on Form 8609-A for each building. Attach a copy of each Form 8609-A you completed for the tax year to Form 8586. Enter on line 3 the total credit from attached Form(s) 8609-A.

For a pass-through entity with a line 3 credit attributable to more than one building, attach a schedule to Form 8586 that shows each shareholder's, partner's, or beneficiary's name, identifying number, and share of the line 3 credit and the BIN for each building.

**Line 4.** If you have a credit from a pass-through entity, enter the entity's employer identification number (EIN) and the credit amount on line 4. If you have credits from more than one pass-through entity, attach a statement that shows the EIN and credit amount for each entity. Enter the total credit on line 4.

**Line 5.** The credit allowed for the current year may be limited based on your tax liability. Complete line 6 and Part II to figure the allowable credit unless you must file Form 3800. You must file Form 3800 if you have (a) more than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835) or (b) a carryback or carryforward of any of those credits. See the instructions for Form 3800 to find out which credits are included in the general business credit.

**Line 6.** The line 5 credit may be subject to the passive activity credit limitation. Individuals, estates, and trusts figure the limit on Form 8582-CR, Passive Activity Credit Limitations. Personal service and closely held corporations figure the limit on Form 8810, Corporate Passive Activity Loss and Credit Limitations. If this limitation applies, enter the allowable credit from Form 8582-CR or 8810 on line 6. If line 6 is zero, skip Part II. If you are not subject to the passive activity limitation, enter the line 5 amount on line 6.

**Line 10e.** Include on line 10e any amounts claimed on:

- Form 8834, Qualified Electric Vehicle Credit, line 20,
- Form 8910, Alternative Motor Vehicle Credit, line 18, and
- Form 8911, Alternative Fuel Vehicle Refueling Property Credit, line 19.

**Line 13.** See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

**Line 14.** Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.

**Line 17.** If you cannot use all of the credit because of the tax liability limit (line 16 is smaller than line 6), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

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**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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is: **Recordkeeping**, 5 hr., 44 min.; **Learning about the law or the form**, 1 hr., 37 min.; **Preparing the form**, 3 hr., 39 min.; **Copying, assembling, and sending the form to the IRS**, 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.