revised form. Thus, a shareholder carrying over a credit from a subchapter S corporation may include dividends declared by that corporation after the subchapter S election had been terminated as income attributable to that person's interest in the entity. Similarly, if a partnership incorporates in a carryover year, any income attributable to an interest in the corporation will be regarded, for purposes of computing the separate limitation under section 53(b), as income attributable to an interest in the entity. This paragraph may be illustrated by the following examples:

Example 1. A, a calendar year taxpayer, is a shareholder in Corporation M, a subchapter S corporation. In 1977, A's pro rata share of the new jobs credit earned by Corporation M was $10,000. A could only use $2,000 of the credit in 1977 because of the separate limitation under section 53(b). In 1978, A carries the unused credit over from 1977. The carryover credit is subject to the separate limitation under section 53(b).

Example 2. Assume the same facts as in example 1 except that the unused credit is carried over to 1979. The carryover credit is not subject to the separate limitation under section 53(b) because that limitation does not apply to taxable years of a taxpayer beginning after December 31, 1978.

Example 3. B, a calendar year taxpayer, is a shareholder in Corporation W, a subchapter S corporation. In 1979, B's pro rata share of the targeted jobs credit covered by Corporation W was $5,000 but B could only use $3,000 of the credit in 1979. B carries back the unused credit to 1978. The carryback credit is not subject to the separate limitation under section 53(b).

§ 1.55–1 Alternative minimum taxable income.

(a) General rule for computing alternative minimum taxable income. Except as otherwise provided by statute, regulations, or other published guidance issued by the Commissioner, all Internal Revenue Code provisions that apply in determining the regular taxable income of a taxpayer also apply in determining the alternative minimum taxable income of the taxpayer.

(b) Items based on adjusted gross income or modified adjusted gross income. In determining the alternative minimum taxable income of a taxpayer other than a corporation, all references to the taxpayer's adjusted gross income or modified adjusted gross income in determining the amount of items of income, exclusion, or deduction must be treated as references to the taxpayer's adjusted gross income or modified adjusted gross income as determined for regular tax purposes.

(c) Effective date. These regulations are effective for taxable years beginning after December 31, 1993.

[T.D. 8366, 59 FR 60557, Nov. 25, 1994]

§ 1.56–0 Table of contents to § 1.56–1, adjustment for book income of corporations.

(a) Computation of the book income adjustment.
   (1) In general.
   (2) Taxpayers subject to the book income adjustment.
   (3) Consolidated returns.
   (4) Examples.

(b) Adjusted net book income.
   (1) In general.
   (2) Net book income.
      (i) In general.
      (iii) Tax-free transactions and tax-free income.
      (iv) Treatment of dividends and other amounts.
   (3) Additional rules for consolidated groups.
      (i) consolidated adjusted net book income.
      (ii) Consolidated net book income.
      (iii) Consolidated pre-adjustment alternative minimum taxable income.
      (iv) Cross references.
      (i) In general.
      (iii) Election to compute adjusted net book income based on the financial statement for the year ending within the taxable year.
         (A) In general.
         (B) Time of making election.
         (C) Eligibility to make and manner of making election.
         (D) Election or revocation of election made on an amended return.
      (iv) Quarterly statement filed with the Securities and Exchange Commission (SEC).