
A Guide To The

Alternative Minimum Tax Planner

By Denver Tax Software, Inc.

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Overview

Why Use This Program

Purpose

This is a program that may enable the taxpayer to preserve the itemized deduction for state and local taxes! Under some circumstances, you can reduce U.S. taxes over a two year period by “moving” some state income tax payments from this year to next year. The purpose of this program is to significantly reduce the time to balance state income tax payments between two years for the purpose of minimizing the combined Alternative Minimum Tax and Regular Income Tax.

This program will recommend the amount of state income tax payments that can be shifted from this year into next year for maximum tax savings. The reports and graphs will show how this savings can be accomplished.

For more information on this unconventional tax planning strategy, see: “[Individual Alternative Minimum Tax](#)” on page 5.

Getting The Most Out Of This Program

Quick Start

Go to the section “[Installing and Running](#)” on page 3. We have tried to design the program so that you don't have to refer to this manual! When you are entering inputs, there will be a section of the input screen that discusses what you should be inputting. If you have any questions, please go first to the Tutorial – Example section. See “[Tutorial – Example](#)” on page 23.

The help file is identical to this manual. The help file, accessed by clicking on the **Help** menu choice, has the same Table Of Contents (Contents) and index that this printed manual does. However, the help file has word search features which are not possible with the written manual.

When the program installs, it also installs a copy of this manual in Adobe's Acrobat (.pdf) format. If you want a hard copy of the manual, click on the manual icon in the Denver Tax Software Group (**Start - Programs - Denver Tax Software Group**). This mouse click will bring up the manual in the Acrobat Reader. The manual can then be printed from the Acrobat program.

How To Get A Complete Understanding Of This Program

Read this manual! The Individual Alternative Minimum Tax chapter discusses the Alternative Minimum Tax in depth. See: “[Individual Alternative Minimum Tax](#)” on page 5.

For more information about the tax planning technique used in this program see “[Tax Planning & Individual Alternative Minimum Tax](#)” on page 8.

Installing and Running

System Requirements

Operating System: Microsoft® Windows® versions 95, 98, ME, NT 4, 2000 or XP.
Please refer to the readme.txt file to see if service packs might be required.

Installation

All commands you need to enter will be typed in **bold** type.

Installing To A Single Machine

For the purpose of these instructions, we are assuming that your CD drive is drive D, if it is not, please make the appropriate changes. To install the program to a single machine, use the following steps:

1. Click on the **Start** button.
2. Click on the **Run** menu item.
3. Type **D:SETUP** and press the **ENTER** key.
4. Follow the instructions in the installation program.

Network Installation

Network installation instructions are provided in a separate document to customers who have purchased rights to use this program on additional desktops.

Starting the DTS Alternative Minimum Tax Planner

The Installation program will create a "Denver Tax Software" Start Group, if it doesn't already exist. The DTS Alternative Minimum Tax Planner will be placed within this group.

To start the Alternative Minimum Tax Planner, click on the **Start** button, click on the **Programs** button, click on the **Denver Tax Software** program group, then click on the **Alternative Minimum Tax Planner icon**.

Data Limitations

This program, and for that matter the planning technique employed by this program, applies usually to situations where this year's income is higher than next year's.

This program also assumes that there will be a way to reduce your deduction for state income tax payments. This is usually not a problem. Simply either reduce your state income tax withholding or your estimated tax payments.

The Individual Income Tax computation is comprehensive, but it does not make all income tax computations. To see what computations the program does make, see "[Capabilities Of The Income Tax Computation](#)" on page 10.

The two year computation is made using the tax law and tax rates of the first year. There is no getting around this. The tax rates, phaseouts, etc., for the second year will not be known until close to December 31 of the first year.

As a practical limitation, the taxpayer must be subject to the Alternative Minimum Tax in the current year.

Becareful of too much of a good thing! By reducing your state income tax withholding or estimated tax payments, you might be putting yourself at risk for penalties for underpayment of estimated state tax. That is why the input, "Maximum Amount Of Itemized Taxes That Can Be Deferred," is in the program. The minimum "safe harbor" estimated tax/withholding amount is often the prior year's state income tax. In some high income situations, the "safe harbor" amount is more than that.

Individual Alternative Minimum Tax

Overview

An individual pays the larger of his Tentative Alternative Minimum Tax or his Regular Income Tax. If the Tentative Alternative Minimum Tax is higher than the Regular Income Tax, the difference between the Tentative Alternative Minimum Tax and the Regular Income Tax is the Alternative Minimum Tax. The Alternative Minimum Tax is added to the Regular Income Tax.

Think of Tentative Alternative Minimum Tax as a tax computation that is different than, but related to the computation of Regular Income Tax.

The amount of Alternative Minimum Tax “Taxable Excess” (Alternative Minimum Tax Taxable Income, less Alternative Minimum Tax Exemptions) is usually a bigger number than the Regular Taxable Income. However, the highest marginal Alternative Minimum Tax rate is lower than the Regular Income Tax rate for the same level of income.

The AMT Income Base

Lets get some messy terminology straightened out right now. The Alternative Minimum Tax Taxable Excess is the Alternative Minimum Tax income base that one uses with the Alternative Minimum Tax rates to determine the Tentative Alternative Minimum Tax. Taxable Excess for Alternative Minimum Tax purposes functions the same way that “(Regular) Taxable Income” does for Regular Income Tax purposes. To make matters more confusing, there is an Alternative Minimum Tax Taxable Income term, but it has to be reduced by the Alternative Minimum Tax Exemption to arrive at the Taxable Excess.

Limiting the Alternative Minimum Tax computation to permanent Alternative Minimum Tax adjustments, Individual Alternative Minimum Tax and Regular Income Tax can be compared as follows:

ALTERNATIVE MINIMUM TAX	REGULAR INCOME TAX
AGI	AGI
A. ITEMIZED DEDUCTIONS:	A. ITEMIZED DEDUCTIONS
Medical Deduction in excess of 10% of the AGI	Medical Deduction in excess of 7.5% of AGI
	State & Local Taxes
AMT Mortgage Deduction	Home Mortgage Deduction
Casualty & Theft Deductions	Casualty & Theft Deductions
Contribution Deductions	Contribution Deductions
	Miscellaneous Deductions
B. TOTAL AMT ITEMIZED DEDUCTIONS	B. THE LARGER OF THE STANDARD DEDUCTION OR THE ITEMIZED DEDUCTIONS WHICH MAY BE SUBJECT TO AN AGI BASED PHASEOUT
	C. PERSONAL EXEMPTIONS WHICH MAY BE SUBJECT TO PHASEOUT
C. AMT TAXABLE INCOME (A – B)	
D. AMT EXEMPTION	
E. AMT TAXABLE EXCESS (C-D)	D. REGULAR TAXABLE INCOME (A-B-C)
TENTATIVE AMT (A FUNCTION OF AMT TAXABLE EXCESS AND THE AMT TAX RATE TABLE)	REGULAR INCOME TAX (A FUNCTION OF REGULAR TAXABLE INCOME AND THE REGULAR INCOME TAX RATE TABLE.)

Analysis Of Differences Between AMT And Regular Income Tax

This discussion is limited to permanent preferences. Looking at the previous table is a good starting point.

Medical Deductions

A smaller percent, if any, of medical expenditures will be deductible for Alternative Minimum Tax purposes. The Alternative Minimum Tax Medical Deduction and the Regular Income Tax Medical Deduction are limited to the excess of 10% and 7.5%, respectively, of the AGI.

Thus, for those that have medical expenditures that exceed 7.5% of their AGI, this category of deductions would have a tendency to increase AMT Taxable Excess compared to Regular Income Tax.

State And Local Taxes

Those that have large State and Local Taxes would be pushed in the direction of Alternative Minimum Tax. A large one-time state tax payment for the prior year's tax could bring about an AMT situation. The push towards Alternative Minimum Tax would be even harder if the current year's income was much lower than the prior year's income.

The fact that State & Local Taxes is deductible for Regular Income Tax but not for Alternative Minimum Tax creates the opportunity that this program exploits. State & Local Taxes typically consists of state and local income taxes, real estate taxes, and personal property taxes. Most of these taxes can be prepaid. Of that list usually only the state income taxes can be postponed. State income taxes can be postponed by reducing estimated taxes or increasing state withholding allowances.

Miscellaneous Deduction

Even though Itemized Miscellaneous Deductions are limited for Regular Tax, there are situations where Itemized Miscellaneous Deductions can be significant. Large attorney fees, if deductible, and employee business expenses are examples of classes of expenditures that could increase this category. Itemized Miscellaneous Deductions in excess of the limitation pushes a taxpayer towards an Alternative Minimum Tax situation.

Itemized Deduction Reduction

At certain levels of AGI, for Regular Tax purposes, Itemized Deductions may be reduced. There is no similar reduction for AMT purposes.

Standard Deduction

There is no Standard Deduction in the Alternative Minimum Tax computation.

Personal Exemptions

There are no Personal Exemptions for AMT. However, those with high incomes, that are often subject to the AMT, commonly lose their Personal Exemptions through the Personal Exemption Phaseout.

AMT Exemption

There is an Alternative Minimum Tax Exemption that is subject to a phaseout. One of the reasons that Alternative Minimum Tax has become more common is because the AMT Exemption amount has not increased sufficiently as inflation has increased.

Tax Rates

Regular Income Tax Rates

Regular Income Tax Rates in 2007 ranged from 10% to 38.6%. These tax rates are applied to the Regular Taxable Income.

Alternative Minimum Tax Rates

The 2007 tax rates for AMT are 26% and 28%. These tax rates are applied to the Alternative Minimum Tax Taxable Excess.

Tax Planning & Individual Alternative Minimum Tax

Traditional Tax Planning

One popular traditional tax planning technique is to delay recognition of income and accelerate deductions. This typically decreases the current year's tax and increases the next year's tax. If the marginal tax rate does not change or is lower in the second year, the results are often beneficial. At the very least, there might be a time value of money benefit.

Another popular tax planning technique is to bunch itemized deductions into one year. In year 1, itemized deductions are postponed into year 2. In year 3, itemized deductions are accelerated into year 2. This technique may have benefits as follows:

- The year 2 Medical and Itemized Miscellaneous deductions may exceed AGI limits by more than if they were spread out over three years.
- The larger amount might exceed the Itemized Deduction Reduction by a greater amount than if they were spread out.
- If year 1 and 3 Itemized Deductions are low enough, the Standard Deduction might kick in for those two years.

If these popular tax planning techniques trigger Alternative Minimum Tax, the results may be worse than if no tax planning was employed. In fact, the AMT planning technique used by this program has the taxpayer pay more in year 1, and the taxpayer will be better off for it!

How The AMT Planner Gets The Job Done

The program analyzes your inputs to see if postponing the state income tax deduction will result in a tax savings.

The program then runs 500 (we might change this number) two year scenarios. (That is really 1,000 tax computations since each scenario is two years.) Each scenario increases the amount that is postponed.

Thus, if there is \$20,000 in state income tax available to defer, the program will defer \$40 ($\$20,000 / 500$) from this year into next year. The next computation, the program will defer \$80 from this year into next year.

For each scenario, the program will keep track of the combine tax versus the amount of state income tax that was deferred, adjusted for the time value of money. The reports will reflect the lowest tax combination, and the program will produce a graph to show you what happens to the combined tax as state income tax is deferred.

Capabilities Of The Income Tax Computation

Overview

This program has a built – in individual tax computation routine used to determine the optimal amount of itemized stated and local tax deductions that should be deferred from the current year into the next year to minimize the taxes over a two year period.

The next section of this manual will list the Individual Income Tax computations that this program can make. Some computations have been omitted if they are irrelevant in making the Alternative Minimum Tax analysis. An example of an irrelevant computation would be the Self – Employment Tax as an additional tax. The amount of Self – Employment Tax would not change regardless of the level of Alternative Minimum Tax. For that reason, you will not see any Self – Employment Tax listed as an additional tax. However, the program does internally compute Self – Employment Tax for the presentation of the Self – Employment Tax Deduction that may be used to arrive at Adjusted Gross Income.

Capabilities

This program can make computations as follow:

- The deduction for Self – Employment Tax.
- Other Adjustments To Income can be entered.
- Medical Deductions can be computed if medical expenditures are entered. The program will compute limits accordingly for Regular Tax and Alternative Minimum Tax.
- The program has an input for Home Mortgage Deductions that are deductible for Alternative Minimum Tax and an input for Home Mortgage Deductions that are deductible for Regular Income Tax, but not for Alternative Minimum Tax.
- The Itemized Miscellaneous Deduction will be computed with the appropriate limitation.
- Itemized Deduction Reduction (Phaseout) that is based on AGI for the Regular Tax computation will be made, if appropriate.
- The Regular Tax Standard Deduction will be computed.

- Regular Tax Personal Exemptions, and, if appropriate, the Personal Exemption Phaseout will be computed.
- Long – Term Capital Gain assets will be assumed to be 10%/20% rate assets.
- The program has tax rate tables for all filing status.
- If AMT applies, the program will compute the appropriate AMT Exemption.
- Tentative AMT will be computed if Alternative Minimum Tax applies.
- Alternative Minimum Tax will be computed using the difference between the Tentative AMT and the Regular Income Tax.

Using The AMT Planner

The Startup Options Screen

The first screen to appear when starting the program is the About Screen. This is where you will find the program's version. It also has a button that will help you locate information about your system. That information might come in handy if technical support is needed, or if you are simply curious. Click the OK button.

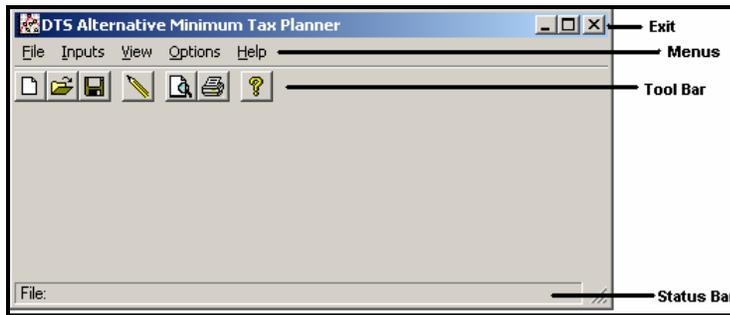
The next screen is the Startup Options Screen.



If this is going to be a new scenario, **click** on the **New Scenario** button. If you are going to use a previously saved file, **click** on the **Old Scenario** button.

The next screen that will appear is the Input Screen. The Input Screen is discussed in detail in a separate section. See "[Inputs](#)" on page 15.

The Main Window



Basic Parts Of The Main Window

Minimize, Maximize – Restore Size, and Exit Buttons

The upper right portion of the Main Window has the standard buttons to minimize, maximize – restore size and exit. If you have used any other programs designed for 32 bit Windows systems, you are already familiar with those buttons.

Menu File Inputs View Options Help

This is where you can pick menu choices. See "Menu", below.

Tool Bar

Using the Tool Bar is typically the fastest and easiest way to use the program. Tool Bar choices are described with the Menu selections. See "Menu", below.

Status Bar

File:

This displays what file or scenario is active.

Menu

File

New . This brings up a blank input screen.

Open . This brings up a screen where you can choose a previously saved file. Once the file has been selected, the input screen will appear with that file's information.

*When you **click** on the Input Screen's **OK** button, the scenario will be automatically saved.*

This is the Menu choice where you can rename a file. Use this a lot if you are running a "what if" analysis.

Save . This saves the current scenario to the file shown in the Status Bar.

Save As.... This is where you can choose a filename.

Print Preview...  Use this to display the reports to the screen. You can display any combination of Input Report, Detailed Analysis Report or Summary Report.

Print...  Print the reports. You can print any combination of Input Report, Detailed Analysis Report or Summary Report.

Exit. Exit the program.

Inputs

Inputs  Enter information into the program. This will bring up The Input Screen. See "_D2HLink_347" on page **Error! Bookmark not defined..**

View

Reports...  Display the reports on the screen. You can display any combination of Input Report, Detailed Analysis Report or Summary Report.

Options

Fonts.... You can change the fonts to make the reports appear differently. We recommend staying with Courier or Courier New.

Help

Contents  Displays the table of contents for the help file.

Search For Help On.... This gives you the choice to search the help file using either the index or a keyword search.

This is identical to the very first screen that the program displays.

About. This displays the information about the DTS Alternative Minimum Tax Planner . This is where you can find the program's version number and ways to contact DTS.

Inputs

Entering Information

Data Entry

The Alternative Minimum Tax Planner uses the normal input procedures that most Windows programs use. To move from one input to another you can either use the mouse to select the input item you want, or press the **TAB** key to move through them. To exit an input screen you can use the mouse to click on the appropriate button.

You may find it easier to enter numeric information using the numeric keypad. If so, make sure the **Num Lock** key is on.

How To Move Around The Input Screens

The input screen is broken down into tabbed dividers similar to a tabbed notebook. To move to a different tab simply click on the tab you want to move to. The input screen's tabs are *Initial Inputs*, *Income*, *Adjustments to Income*, and *Itemized Deductions*.

How To Exit The Input Screens

When working with an input form, the **OK** button or **ENTER** key will exit the form and save the information you entered to a file. The **Cancel** button is used to exit the screen without saving the information you entered.

Input Screens

Initial Inputs Tab

Change or set filename

This is an improvement on the Windows interface. With most Windows programs, when you click on a form's OK button you just move to the next screen. When you click on the OK button in this program, it actually saves your data for you.

Click on the  button to choose or change a filename.

Taxpayer – Spouse 1

Name of the first spouse. If there is no spouse, simply enter the name of the taxpayer.

Taxpayer -- Spouse 2

Name of the second spouse. If there is no spouse, simply leave this blank.

Optional Second Line

Enter information that you would want to appear as the second line on the reports.

Filing Status

Use the listbox to choose a filing status. Click on the appropriate choice.

Maximum Amount Of Itemized Taxes That Can Be Deferred

Enter the maximum amount of state income taxes that can be deferred from this year to next year. Make sure this amount is not so large that it will put the taxpayer in a penalty situation.

After-Tax Discount Rate (5%=5)

This is used to discount next year's tax to the current year. This would be the lowest rate of tax-free return that the taxpayer would consider for a two year investment. The reason that we are recommending a two year investment is because this program's analysis only goes out two years. This would probably be equivalent to the return on a tax-free money market account.

Exemptions

Enter the Personal Exemptions for the two years. Mom, Dad and Daughter = 3 Personal Exemptions.

Blind

Check the appropriate box(s) to indicate if either spouse is blind.

Over 65

Check the appropriate box(s) to indicate if either spouse is over 65.

Income Tab

The screenshot shows a software window titled "Inputs" with four tabs: "Initial Inputs", "Income", "Adjustments to Income", and "Itemized Deductions". The "Income" tab is active. At the top, it says "All items are before increasing income in 2003". Below this, there are input fields for "Wages" and "SE Income" for "Spouse 1" and "Spouse 2" for the years "2003" and "2004". Each of these eight categories has a text box containing the number "0". Below these are input fields for "Long-Term Cap Gain(-Loss)", "Short-Term Cap Gain(-Loss)", and "Other Non-Self-Employment Income" for the years "2003" and "2004", also each containing "0". At the bottom of the dialog, there is a message box that says "You can change or choose a filename by clicking on the button" with a small icon to its right. To the right of the message box are "OK" and "Cancel" buttons.

Wages

Enter each spouse's wages in the appropriate input box.

SE Income

Enter each spouse's Self-Employment income in the appropriate input box. This would be income that is subject to Self-Employment tax.

Long-Term Cap Gain(-Loss)

Enter the estimated Long-Term Capital Gain or Loss for each year. Enter any losses as a negative number. Include here any Long – Term Capital Loss Carryforward to this year.

Short-Term Cap Gain(-Loss)

Enter the estimated Short-Term Capital Gain or Loss for each year. Enter any losses as a negative number. Include in this input any Short-Term Capital Loss Carryforward to this year.

Other Non-Self-Employment Income

Enter any additional Non-Self-Employment income. Dividends, interest and miscellaneous income would be included in this category.

Adjustments to Income

	2003	2004
Other Adjustments to Income	0	0

Other Adjustments to Income

Enter any adjustments to income at this input. Do not include any Self-Employment Tax Deduction, since this program will compute that.

Itemized Deductions

	2003	2004
Medical Payments	0	0
State & Local Taxes	0	0
Home Mortgage Interest - Deductible for AMT	0	0
Home Mortgage Interest - Not Deductible for AMT	0	0
Other Interest Deductible For Regular Tax, But Not For AMT	0	0
Casualty Loss Deduction	0	0
Charitable Deduction	0	0
Miscellaneous Deduction Payments	0	0

Medical Payments

Enter any medical payments. The program will compute the appropriate limitations.

State & Local Taxes

At this input enter State & Local Taxes.

Home Mortgage Interest – Deductible for AMT

Enter at this input the annual home mortgage interest that is deductible for both regular tax and AMT. This is Qualified “housing interest.” This would be interest related debt used to buy, build, or substantially improve the taxpayer’s principal residence or one other qualified residence. See IRC §56(b)(1)(A)(ii) and §56(e).

Home Mortgage Interest – Not Deductible for AMT

At this input enter any amount of home mortgage interest that is deductible for regular tax but is not deductible for AMT. This is the difference between Qualified “residence” interest and Qualified “housing” interest. Qualified “housing” interest is limited to interest related debt used to buy, build, or substantially improve the taxpayer’s principal residence or one other qualified residence. See IRC §56(b)(1)(A)(ii) and §56(e).

Casualty Loss Deduction

Enter any Casualty Loss deduction at this input. The program does not do any limitation computation. Thus, enter the amount of the deduction, not the amount of the loss.

Charitable Deduction

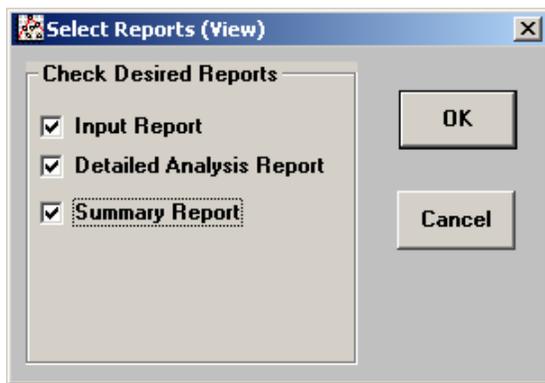
Enter the Charitable Deduction. The program does not apply any limitations.

Miscellaneous Deduction Payments

At this input enter the Miscellaneous Deduction payments. The program will compute the limitation.

Reports

Choosing Your Reports



To run reports you must have a scenario open. That would be information that you had recently entered or previously saved and recently opened.

To choose the reports you will run, you need to display the Select Reports screen. If you want to display the reports on the screen, either choose the **View – Reports** menu choices or **click** on the **Preview** Tool Bar button. If you want to print the reports, choose the **File – Print** menu choices, **click** on the **Print** Tool Bar button or press **Ctrl-P**.

When the Select Report appears, check the reports you are interested in.

Input Report

The Input Report shows you what you have inputted. It is useful for documenting your work. It is also useful for any technical support issues.

Detailed Analysis Report

This report includes a graph that charts the amount of deferred state income tax deduction versus tax combined for the two year period, as adjusted for the time value of money.

Depending on the level of sophistication of your client, you might want to keep this report in your file, but withhold it from your client.

The purpose of this report is to show how various amounts were arrived at. This is the support for the Summary Report.

Summary Report

This report shows the amount of state income tax deduction that the program recommends should be deferred from this year into next year. This report combines the current year tax with the discount amount of the next year's tax with and without deferring the state income tax deduction. As mentioned previously, make sure this deferral does not put the taxpayer in a penalty situation with the state.

This report shows your client, how much, if any, this technique saves him or her.

Tutorial – Example

A New Scenario Example

Most of the time it doesn't make much difference whether you use the **TAB** or **ENTER** key. This tutorial will use the **ENTER** key whenever possible. When the tutorial directs you to use the **TAB** key, that would be a situation where using the **TAB** and **ENTER** keys will make the program function differently.

Start the program. If you have any questions on how to do this, see “[Starting the DTS Alternative Minimum Tax Planner](#)” on page 4.

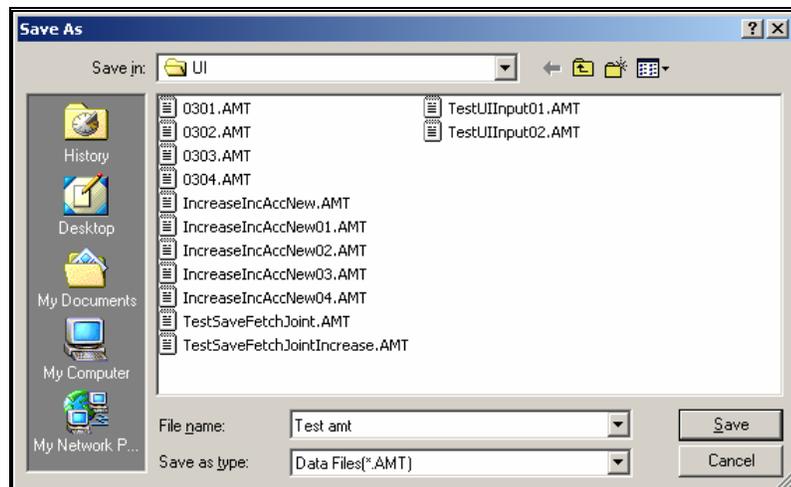
The first screen is the *About Alternative Minimum Tax Planner* window. Click on the **OK** button.



At the *Startup Options* screen, click on the **New Scenario** button. This will immediately bring up the input screen.



Click on the *Change or set filename* button.



In the *Save As* screen, type **Test AMT** in the *File name* input. Click the **Save** button to return to the input screen. Press the **TAB** key.

For the **Spouse #1** input enter **Jane Doe**, and press the **ENTER** key.

For the **Spouse #2** input enter **John Doe**, and press the **ENTER** key.

For the **Optional Second Line** input enter **Just Testing**, and press the **ENTER** key.

Click on the **Joint** Filing Status, and press the **TAB** key.

For the **Maximum Amount Of Itemized Taxes That Can Be Deferred** input enter **20000**, and press the **ENTER** key.

For the **After-Tax Discount Rate (5%=5)** input enter **4**, and press the **ENTER** key.

For the first year's **Exemptions** input enter **4**, and press the **ENTER** key.

For the second year's **Exemptions** input enter **4**.

At this point, the input screen should look like this:

2007		2008		Spouse 1		Spouse 2	
				2007	2007	2008	2008
Exemptions	4	4		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Over 65	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Click on the **Income** Tab, and press the **TAB** key.

For the **Wages for Spouse 1 in the first year** input enter **250000**, and press the **ENTER** key.

For the **Wages for Spouse 2 in the first year** input enter **0**, and press the **ENTER** key.

For the **Wages for Spouse 1 in the second year** input enter **50000**, and press the **ENTER** key.

For the **Wages for Spouse 2 in the second year** input enter **0**, and press the **ENTER** key.

For the **SE Income for Spouse 1 in the first year** input enter **0**, and press the **ENTER** key.

For the **SE Income for Spouse 2 in the first year** input enter **0**, and press the **ENTER** key.

For the **SE Income for Spouse 1 in the second year** input enter **0**, and press the **ENTER** key.

For the **SE Income for Spouse 2 in the second year** input enter **0**, and press the **ENTER** key.

For the **Long-Term Cap Gain(-Loss)** input (**first year**) enter **16600**, and press the **ENTER** key. Press the **ENTER** key again.

For the **Long-Term Cap Gain(-Loss)** input (**second year**) enter **16600**, and press the **ENTER** key. Press the **ENTER** key again.

For the **Short-Term Cap Gain(-Loss)** input enter **0**, and press the **ENTER** key. Press the **ENTER** key again.

For the **Other Non-Self-Employment Income** input (**first year**) enter **1500**, and press the **ENTER** key.

For the **Other Non-Self-Employment Income** input (**second year**) enter **900**.

At this point, the input screen should look like this:

	Spouse 1 2007		Spouse 2 2007		Spouse 1 2008		Spouse 2 2008	
Wages	250,000	0	0	0	50,000	0	0	
SE Income	0	0	0	0	0	0	0	

	2007	2008
Long-Term Cap Gain(-Loss)	16,600	16,600
Short-Term Cap Gain(-Loss)	0	0
Other Non-Self-Employment Income	1,500	900

Other Adjustments to Income: 2007: 2008:

Click on the **Adjustments to Income** tab. Press the **TAB** key.

For the **Other Adjustments to Income (first year)** input enter **0**, and press the **ENTER** key.

For the **Other Adjustments to Income (second year)** input enter **0**, and press the **ENTER** key.

At this point, the input screen should look like this:

	2007	2008
Other Adjustments to Income	0	0

Click on the **Itemized Deductions** tab, and press the **TAB** key.

For the **Medical Payments (first year)** input enter **0**, and press the **ENTER** key.

For the **Medical Payments (second year)** input enter **0**, and press the **ENTER** key.

For the **State & Local Taxes (first year)** input enter **30200**, and press the **ENTER** key.

For the **State & Local Taxes (second year)** input enter **4600**, and press the **ENTER** key.

For the **Home Mortgage Interest – Deductible for AMT (first year)** input enter **13900**, and press the **ENTER** key.

For the **Home Mortgage Interest – Deductible for AMT (second year)** input enter **13900**, and press the **ENTER** key.

For the **Home Mortgage Interest – Not Deductible for AMT (first year)** input enter **0**, and press the **ENTER** key.

For the **Home Mortgage Interest – Not Deductible for AMT (second year)** input enter **0**, and press the **ENTER** key.
Press the ENTER key four times.

For the **Charitable Deduction (first year)** input enter **400**, and press the **ENTER** key.

For the **Charitable Deduction (second year)** input enter **400**, and press the **ENTER** key.

For the **Miscellaneous Deduction Payments (first year)** input enter **0**, and press the **ENTER** key.

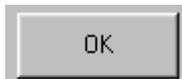
For the **Miscellaneous Deduction Payments (second year)** input enter **0**, and press the **ENTER** key.

At this point, the input screen should look like this:

The screenshot shows a window titled "Inputs" with a tabbed interface. The "Itemized Deductions" tab is selected. It contains two columns for the years 2007 and 2008. The following table represents the data entered in the fields:

	2007	2008
Medical Payments	0	0
State & Local Taxes Before Deferral	30,200	4,600
Home Mortgage Interest - Deductible for AMT	13,900	13,900
Home Mortgage Interest - Not Deductible for AMT	0	0
Other Interest Deductible For Regular Tax, But Not For AMT	0	0
Casualty Loss Deduction	0	0
Charitable Deduction	400	400
Miscellaneous Deduction Payments	0	0

At the bottom of the dialog, there is a text box with the instruction: "Enter the a information that you would like printed on each report below the name of the clients. This input is optional." Below this text box are "OK" and "Cancel" buttons.



Click on the **OK** button. This automatically saves your information. There is no need to take further actions to save the data!



Lets get the results. **Click** on the **Print** button.

The screenshot shows a dialog box titled "Select Reports (Print)". It has a section "Check Desired Reports" with three checked items: "Input Report", "Detailed Analysis Report", and "Summary Report". There are "OK" and "Cancel" buttons to the right of the list.

In the Select Reports screen you can select the reports that you want to run. If all three reports are not already checked, please check all three boxes now. **Click** on the **OK** button.

The next screen will be the standard Windows print dialog box. **Click** on the **OK** button, and the reports will print. (Since there are thousands of computations that the program makes, it might take a minute or two.)



You are done. Simply exit the program by **clicking** on the **X** button in the upper right corner.

An Old Scenario Example

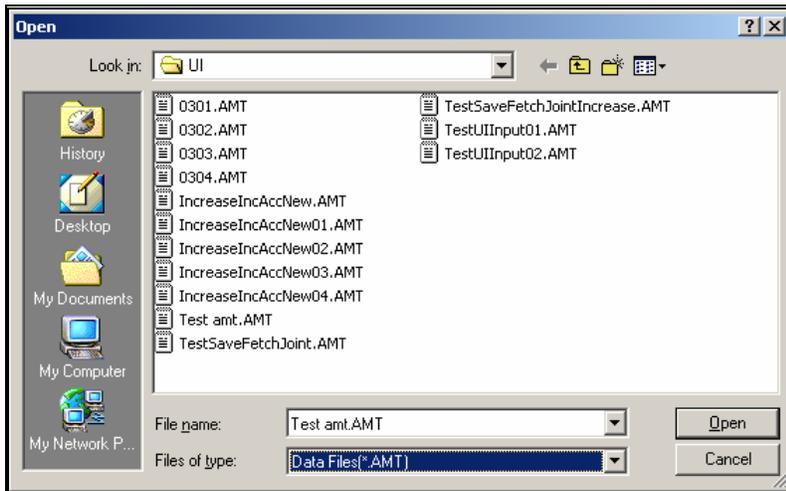
To modify a previously created scenario, we will use the example that we saved in the New Scenario Example. We will change Wages for Spouse 1 for the first year to \$350000.

Start the program. If you have any questions on how to do this, see “[Starting the DTS Alternative Minimum Tax Planner](#)” on page 4.

The first screen is the *About Alternative Minimum Tax Planner* window. Click on the **OK** button.



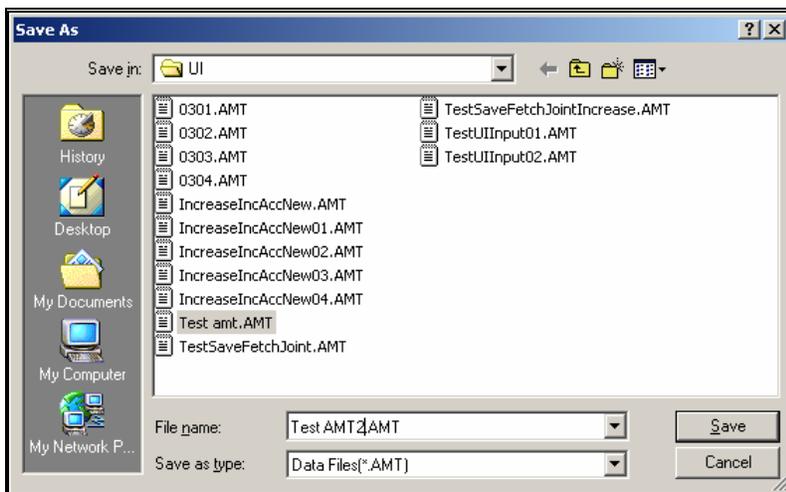
At the *Startup Options* screen, click on the **Old Scenario** button. This will immediately bring up the Open screen.



In the *Open* screen, click on **Test AMT.AMT** text. Click the **Open** button to return to the input screen.



Click on the **Change or set filename** button.



At the **File name** input, enter **Test AMT2**, and press the **Save** button.



Click on the **Income** tab.

Tab down to the Wages for Spouse 1 (first year) input.

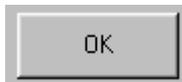
Enter **350000**, and press the **ENTER** key.

The input screen should now look like this:

All items are before increasing income in 2007				
	Spouse 1 2007	Spouse 2 2007	Spouse 1 2008	Spouse 2 2008
Wages	350,000	0	50,000	0
SE Income	0	0	0	0
	2007		2008	
Long-Term Cap Gain(-Loss)	16,600		16,600	
Short-Term Cap Gain(-Loss)	0		0	
Other Non-Self-Employment Income	1,500		900	

Enter each spouse's wages in the appropriate input box.

OK Cancel



Click on the **OK** button. This automatically saves your information. There is no need to take further actions to save the data!



Lets get the results. **Click** on the **Print** button.

Select Reports (Print)

Check Desired Reports

- Input Report
- Detailed Analysis Report
- Summary Report

OK Cancel

In the Select Reports screen you can select the reports that you want to run. If all three reports are not already checked, please check all three boxes now. **Click** on the **OK** button.

The next screen will be the standard Windows print dialog box. **Click** on the **OK** button, and the reports will now print.



You are done. Simply exit the program by **clicking** on the **X** button in the upper right corner.

Input Sheet

Printed Copies Of The Input Sheets

The fastest way to get blank printed input sheets is to print them from the program's Help  routine. **Click** the **Contents** tab. **Click** the on **Input Sheet** selection. **Click** on the input section that you are interested in. When you see the input sheet on the help screen, **click** on Help's **Print** button.

Initial Inputs

Spouse #1: _____

Spouse #2: _____

Optional Second Line: _____

Filing Status: _____

Maximum Amount Of Itemized Taxes That Can Be Deferred: _____

After-Tax Discount Rate(5%=5): _____

Personal Exemptions:

First Year: _____ Second Year: _____

	Spouse 1 First Year	Spouse 2 Second Year	Spouse 1 First Year	Spouse 2 Second Year
Blind	Y/N	Y/N	Y/N	Y/N
Over 65	Y/N	Y/N	Y/N	Y/N

Income

	Spouse 1 First Year	Spouse 2 First Year	Spouse 1 Second Year	Spouse 2 Second Year
Wages	_____	_____	_____	_____
SE Income	_____	_____	_____	_____

	First Year	Second Year
Long-Term Cap Gain(-Loss)	_____	_____
Short-Term Cap Gain(-Loss)	_____	_____
Other Non-Self-Employment Income	_____	_____

Adjustments to Income

	First Year	Second Year
Other Adjustments to Income	_____	_____

Itemized Deductions

	First Year	Second Year
Medical Payments	_____	_____
State & Local Taxes	_____	_____
Home Mortgage Interest – Deductible for AMT	_____	_____
Home Mortgage Interest – <u>NOT</u> Deductible for AMT	_____	_____
Other Interest Deductible For Regular Tax, But Not For AMT	_____	_____
Casualty Loss Deduction	_____	_____
Charitable Deduction	_____	_____
Miscellaneous Deduction Payments	_____	_____

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