

### The AMT: Will this Tax Apply to You?

What's your alternative minimum tax (AMT) preference?

Though you might prefer to not think about the AMT, certain income and deductions, known as preference items, affect the way the tax will apply to you. Those amounts, along with others called "adjustments," are added to or subtracted from the income shown on your tax return to arrive at your AMT taxable income.

For example, certain bond interest that you exclude from your regular taxable income must be included when computing income for the AMT. This is a "preference item" because tax-exempt interest gets preferential treatment under ordinary federal income tax rules.

Adjustments include personal exemptions and your standard deduction. In the AMT calculation, these taxable-income reducers are not deductible. Instead, they're replaced with one flat exemption, which is generally the amount of income you can exclude from the AMT.

Note: For your 2013 tax return, the AMT exemption is \$80,800 when you're married filing a joint return or are a surviving spouse, \$51,900 when you file as single, and \$40,400 if you're married and file separately. The exemption decreases once your income reaches a certain level.

What if you itemize? Some itemized deductions are allowed, such as charitable contributions. Others, including medical expenses and mortgage interest, are computed using less favorable rules.

Whatever AMT preference – or adjustment – applies to you, we're here to help calculate the best tax outcome. Please contact us for details or assistance.

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