Name ______________________________

Cracking the Code: Understanding the Alternative Minimum Tax (AMT)

Short Answer Key

1. The AMT was created to ensure that high-income individuals and certain corporations pay their fair share of taxes, preventing them from using too many deductions and credits to reduce their tax liability.
2. If your regular income tax is higher than your AMT, you don't have to pay the AMT, and you will only pay the regular income tax.
3. Mortgage interest deduction, state and local tax deduction, or medical expense deduction.
4. The AMT has its own rules for taxing capital gains, which can result in higher tax liability.
5. No, individuals and businesses must follow the AMT rules if they meet the criteria specified in the tax law.