

Line 7 - Deduction Recoveries Worksheet

(Keep for your records)

2016

Name(s) as shown on return

Tax ID Number

1. Enter total amount of recovery included in gross income **1.** _____
 - Do not include recoveries of items that are included in net investment income in the year of recovery (included on lines 1-6).
 - Do not include recoveries of items if the amount relates to a deduction taken in a tax year beginning before 2013
 - Do not include recoveries of items if the amount relates to a deduction taken in a tax year beginning after 2012, and you were not subject to the NIIT solely because your MAGI was below the applicable threshold.
- !** This rule does not apply if you incurred a net operating loss (NOL) in such year, and a portion of such NOL constitutes a section 1411 NOL.
- CAUTION**
2. Amount of the recovery that would have been included in gross income but for the application of the tax benefit rule under section 111 **2.** _____
 3. Total amount of recovery (add lines 1 and 2) **3.** _____
 4. Enter the percentage of the deduction allocated to net investment income in the prior year. (If the deduction was not allocated between investment income and non-investment income, enter 100%.) **4.** _____
 5. Enter the lesser of (a) line 3 multiplied by line 4, or (b) the total amount deducted on the prior year Form 8960 attributable to item recovered (after any deduction limitations imposed by section 67 or 68) **5.** _____

Calculation of recoveries when the deduction is not taken into account in computing your section 1411 NOL.

6. Multiply line 5 by .038 **6.** _____
7. Enter the amount of net investment income in the year of the deduction (previous year's Form 8960, line 12) **7.** _____
8. Add the amount of line 5 to line 7 **8.** _____
9. Using the previous year's Form 8960, recalculate the NIIT for the year of the deduction by replacing the amount reported on line 12 with the amount reported on line 8 of this worksheet (do not use the net investment income reported on that year's Form 8960, line 12). Enter your recalculated NIIT here **9.** _____
10. Enter the NIIT reported for the year of the deduction **10.** _____
11. Subtract line 10 from Line 9 **11.** _____
12. Enter the smaller of line 6 or Line 11 **12.** _____
13. Divide line 12 by 3.8% (line 12 ÷ .038). Enter this amount on line 7 in the year of recovery **13.** _____

Calculation of recoveries when the deduction is taken into account in computing your section 1411 NOL

14. Enter the amount of the section 1411 NOL in the year of the deduction (entered as a positive number) **14.** _____
15. Enter the amount of the section 1411 NOL in the year of the deduction recomputed without the amount on line 5 (entered as a positive number, but not less than zero) **15.** _____
16. Subtract line 15 from line 14. Enter this amount on line 7 in the year of recovery **16.** _____