

# Line 7 - Deduction Recoveries Worksheet

(Keep for your records)

**2017**

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.

**!** **CAUTION** 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.

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.** \_\_\_\_\_