The cancellation of debt income should be reported as passive income in Form 8824 if the amount is less than $250,000. If Form 8824 is filed and the amount is less than $25,000, the amount is reported in Form 1040 and check box 54 (a).

10) Before proceeding, you will need to complete Form 6251.

9) Complete Lines 31 through 34 of Form 8582CR and then check box 26 (a).

8) Please enter the amount from line 15A and 15B of the K-1.

7) Consult the instructions for Form 8582CR for additional information about claiming the Low Income Housing Credit.

6) The amount on line 35 is computed as follows:

\[
\begin{align*}
& D. Subtract line C from line A \\
& C. Enter amount from Form 8582-CR, line 26 \\
& B. Tax on line A* \\
& A. Taxable income
\end{align*}
\]

5) Losses from rental real estate with active participation (see Part II of Form 8582), enter $25,000 on line 26.

4) If the amount exceeds $250,000, the $25,000 allowance is also reduced for any losses deducted under the special allowance for rental real estate with active participation. The amount is limited to 20% of your active income in the year the tax credit is claimed.

3) Since its inception in 1987 and continuing to this day, the Low Income Housing Tax Credit program has been a major source of funding for the development of affordable housing. WNC has been at the forefront of this program, acquiring properties and raising funds. We now have more than 1200 tax credit properties across the country.

2) Tax credits are complex. We are providing this guide as a basic tool for you to use in the preparation of your tax return. However, because each investor has unique circumstances, we recommend that you consult your tax advisor regarding this information before submitting your tax return.

1) The amount on line 35 is computed as follows:

\[
\begin{align*}
& F. Total income \\
& E. Tax on line G \\
& D. Subtract line C from line A \\
& C. Enter amount from Form 8582-CR, line 26 \\
& B. Tax on line A* \\
& A. Taxable income
\end{align*}
\]

The Low Income Housing Tax Credit program has been a major source of funding for the development of affordable housing. WNC has been at the forefront of this program, acquiring properties and raising funds. We now have more than 1200 tax credit properties across the country.