1. Base case - 2024 AMT - current situation

2024 AMT reflects:

- 100% add back of CEE deductions
- 100% capital gain inclusion on the disposition of FTS
- Basic exemption of $173,000 adjusted for inflation (increase from $40,000)
- Rate of 20.50% (increase from 15%)
- 50% credit for non-refundable credits other than donation (decrease from 100%)
- 80% credit donation (decrease from 100%)

Average FTS purchase

Delta	1.5	
CEE (FTS purchase)	($300,000)	A
Capital Gain (sale proceeds)	$200,000	B

Federal - Regular tax calculation			**AMT calculation (2024)**		
Ordinary income	$1,500,000		Taxable income	1,300,000	C (includes 50% of CG)
Taxable capital gain	$100,000	B X 50%	Add CEE	300,000	A
CEE	($300,000)	A	Add 50% capital gain **(FTS transaction)**	100,000	50% X B -> Effective 100%
Taxable income	$1,300,000	C	Adjusted taxable income	1,700,000	
Federal tax	$404,716		Less basic exemption	- 173,205	
Less federal non-refundable credits				1,526,795	
Personal amount	($2,123)		Rate	20.50%	
Federal Tax	$402,592	D		312,993	
CMETC	($90,000)		Less 50% of non-refundable credits	- 1,062	
Net federal Tax	$312,592		Minimum amount	311,931	E

Space between AMT & Federal Tax	$90,661	D-E
CMETC	($90,000)	30% x A
Excess space for CMETC absorption	$661	

Federal tax calculation

Rate	Bracket	Tax
15.00%	55,867	8,380
20.50%	111,733	19,833
26.00%	173,205	35,815
29.00%	246,752	57,144
33.00%	1,053,248	404,716

This is a 40% decrease in FTS purchase from 2023. That is, a taxpayer earning $1.5M of ordinary income could have purchased $420k of FTS in 2023 but only $300k in 2024, see analysis in 1a below

FTS decrease vs 2023 ($)	($120,000)	A - AA
FTS decrease vs 2023 (%)	-40.0%	= (A-AA)/A

1a. Assuming 2023 AMT rules, and assuming $1.5M of ordinary income, a taxpayer could have purchased $420k of FTS

2023 AMT reflects:

- 100% add back of CEE deductions
- 80% capital gain inclusion on the disposition of FTS
- Basic exemption of $40,000
- Rate of 15%
- 100% credit for non-refundable credits, including donation credits

Delta	1.5	
CEE (FTS purchase)	($420,000)	AA
Capital Gain (sale proceeds)	$280,000	BB

Federal - Regular tax calculation			**AMT calculation (2023)**		
Ordinary income	$1,500,000		Taxable income	1,220,000	CC (includes 50% of CG)
Taxable capital gain	$140,000	BB X 50%	Add CEE	420,000	AA
CEE	($420,000)	AA	Add 30% capital gain **(FTS transaction)**	84,000	30% X BB ->effective 80% inclusion
Taxable income	$1,220,000	CC	Adjusted taxable income	1,724,000	
Federal tax	$379,406		Less basic exemption	- 40,000	
Less federal non-refundable credits				1,684,000	
Personal amount	($2,028)		Rate	15%	
Federal Tax	$377,378	DD		252,600	
CMETC	($126,000)	30% x AA	Less 100% of non-refundable credits	- 2,028	
Net federal Tax	$251,378		Minimum amount	250,572	E

Space between AMT & Federal Tax	$126,806	DD-EE
CMETC	($126,000)	30% x AA
Excess space for CMETC absorption	$806	Not material , rounding error

Federal tax calculation

Rate	Bracket	Tax
15.00%	53,359	8,004
20.50%	106,717	18,942
26.00%	165,430	34,208
29.00%	235,675	54,579
33.00%	984,325	379,406

2.Propose to implement August 12, 2024 draft Legislation - No CEE add back in AMT base

Proposed AMT reflects:

- 0% add back of CEE deductions
- 100% capital gain inclusion on the disposition of FTS
- Basic exemption of $173,000 adjusted for inflation (increase from $40,000)
- Rate of 20.50% (increase from 15%)
- 50% credit for non-refundable credits other than donation (decrease from 100%)
- 80% credit donation (decrease from 100%)

Delta	1.5	
CEE (FTS purchase)	($436,000)	AAA
Capital Gain (sale proceeds)	$290,667	BBB

Federal - Regular tax calculation		
Ordinary income	$1,500,000	
Taxable capital gain	$145,333	BBB X 50%
CEE	($436,000)	AAA
Taxable income	$1,209,333	CCC
Federal tax	$374,796	
Federal non-refundable credits		
Personal amount	($2,123)	
Federal Tax	$372,673	DDD
CMETC	($130,800)	
Net federal Tax	$241,873	
Space between AMT & Federal Tax	$131,535	DDD-EEE
CMETC	($130,800)	30% x AAA
Excess space for CMETC absorption	$735	Not material , rounding error

AMT			
Taxable income		1,209,333	CCC (includes 50% of CG)
Add CEE			AAA
Add capital gain **(FTS transaction)**		145,333	50% X BBB- > Effective 100%
Adjusted taxable income		1,354,667	
Basic exemption	-	173,205	
		1,181,462	
Rate		20.50%	
		242,200	
50% of non-refundable credits	-	1,062	
Minimum amount		241,138	EEE

Rate		Bracket	Tax
	15.00%	55,867	8,380
	20.50%	111,733	19,833
	26.00%	173,205	35,815
	29.00%	246,752	57,144
	33.00%	962,581	374,796

This proposal translates to a 45% increase in FTS purchase vs. 2024. That is, a taxpayer earning $1.5M of ordinary income could have purchased $436k of FTS vs $300 currently.

FTS increase vs 2025 ($)	$136,000
FTS increase vs 2025 (%)	45.3%

This brings FTS purchase in line with the 2023 amounts

FTS increase vs 2023 ($)	$16,000
FTS increase vs 2023 (%)	3.8%

3.Propose to implement August 12, 2024 draft Legislation (No CEE add back in AMT base) as well as back-out the phantom capital gain from the AMT base

Proposed AMT reflects:

- 0% add back of CEE deductions
- 0% capital gain inclusion on the disposition of FTS
- Basic exemption of $173,000 adjusted for inflation (increase from $40,000)
- Rate of 20.50% (increase from 15%)
- 50% credit for non-refundable credits other than donation (decrease from 100%)
- 80% credit donation (decrease from 100%)

The subscriber can subscribe to more than double the flow they can subscribe to currently.

FTS increase vs 2025 $	$325,000
FTS Increase vs 2025 %	108%

The subscriber can subscribe to 50% more FTS than they could in 2023.

FTS increase vs 2023 $	$205,000
FTS increase vs 2023 %	49%

Delta	1.5	
CEE (FTS purchase)	($625,000)	TT
Capital Gain (sale proceeds)	$416,667	UU

Federal - Regular tax calculation		
Ordinary income	$1,500,000	
Taxable capital gain	$208,333	UU X 50%
CEE	($625,000)	TT
Taxable income	$1,083,333	VV
Federal tax	$333,216	
Federal non-refundable credits		
Personal amount	($2,123)	
Federal Tax	$331,093	XX
CMETC	($187,500)	
Net federal Tax	$143,593	
Space between AMT & Federal Tax	$188,286	XX-YY
ITC	($187,500)	30% x TT
Excess	$786	Not material , rounding error

Proposed AMT			
Taxable income		1,083,333	VV (includes 50% of CG)
NO CEE add back		-	
0% inclusion for AMT purposes- back out of line 1	-	208,333	- 50% X BBB- > Effective 0%
Adjusted taxable income		875,000	
Basic exemption	-	173,205	
		701,795	
Rate		20.50%	
		143,868	
50% of non-refundable credits	-	1,062	
Minimum amount		142,806	YY

Rate		Bracket	Tax
	15.00%	55,867	8,380
	20.50%	111,733	19,833
	26.00%	173,205	35,815
	29.00%	246,752	57,144
	33.00%	836,581	333,216