

# Tax Tip: What You Need to Know About the Alternative Minimum Tax

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The [Alternative Minimum Tax](#) affects about 23 million higher-income taxpayers, but do you know what it means for you?

"The Alternative Minimum Tax is a tax that was put into effect a number of years ago, and it's designed to make sure that most people pay at least some tax," [IRS](#) spokesman Eric Smith says.

The idea first came about in 1969, when the Treasury secretary announced more than 150 high-income households hadn't paid a dime in taxes. Those households had taken advantage of benefits and deductions to the point they brought their tax liability to zero.

Under the Alternative Minimum Tax, such households, and many others, now have to pay, although on a non-graduated rate.

"When you think of Alternative Minimum Tax, think of the whole idea that people have been proposing for years and years called a [flat tax](#)," says Tom Wheelwright, CEO and founder of CPA firm ProVision in Tempe, [Arizona](#).

"It's a flat rate. It's not a graduated rate like we do for the regular income tax."