2007

Massachusetts Department of Revenue

Schedule EOAC
Economic Opportunity Area Credit

Name | Federal Identification or Social Security number

General Information

1 Type of business for which property is being used (check only one):

☐ Sole proprietorship ☐ Partnership ☐ S corporation ☐ Corporate trust ☐ Financial institution
☐ Insurance company ☐ Corporation ☐ Trust ☐ Public service corporation
☐ Corporation included in a combined return (enter name and Federal Identification number of principal reporting company):

☐ Other (specify) _____

2 Type of return this schedule is filed with _____

3 Location of certified project _____

4 Date project was certified by EACC (enclose a copy of certification from EACC) _____

Computation of 5% Current Year Economic Opportunity Area Credit (EOAC)

5 Briefly, but accurately, describe purchases of qualifying property for the 5% EOAC. Complete details must be available upon request.	**Date acquired**	**Life or recovery** (years)	**Cost** (if not using cost, explain on separate sheet)

6 Total cost of property	**6**	
7 U.S. basis reduction, if any	**7**	
8 Total cost of property after reduction. Subtract line 7 from line 6	**8**	
9 Available current-year EOAC. Multiply line 8 by .05. See instructions	**9**	

Taxpayers Subject to Tax Under MGL Ch. 62

10 Total tax for determining allowable credit. Form 1, line 27; Form 1-NR/PY, line 31; Form 2, line 40; Form 3F, line 29	**10**	
11 Total of other credits. See instructions	**11**	
12 Subtract line 11 from line 10. Not less than "0"	**12**	
13 Enter 50% of line 12	**13**	
14 EOAC available this year. Add line 9 and prior years unused EOAC (from 2006 Schedule EOAC, line 17, column c)	**14**	
15 EOAC allowable for use in current year. If line 13 is greater than or equal to line 14, enter line 14. If line 13 is less than line 14 enter line 13. Also enter this amount on Form 1, Schedule Z; Form 1-NR/PY, Schedule Z; Form 2, line 43; or Form 3F, line 31	**15**	

Carryover to Future Years

16 Maximum amount of credits for conversion to ten-year carryover status:

Year	a. Unused credits from prior years and current year credit	b. Portion used this year	c. Unused credit available Subtract col. b from col. a	
			Amount	For
1998	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008
1999	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2009
2000	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2010
2001	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2011
2002	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2012
2003	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2013
2004	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2014
2005	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2015
2006	(2006 Sch. EOAC, line 16, col. c) _____	_____	_____	2008–2016
2007	(2007 Sch. EOAC, line 9) _____	_____	_____	2008–2017
17 Totals	_____	_____	_____	

Schedule EOAC Instructions

General Information

What Is the Economic Opportunity Area Credit?

The Economic Opportunity Area Credit (EOAC) is a tax credit equal to 5% of the cost of property purchased for business use within a Certified Project in an EOA. The credit covers all property that is 1) eligible for the current 3% Investment Tax Credit (ITC) and 2) used exclusively in a certified project in an EOA. The 5% EOAC and the 3% ITC **cannot** be taken for the same property. In the case of a taxpayer having property which meets the criteria for both credits, the taxpayer may choose either of the credits, but may not take both credits for the same property.

Approval Application Requirement

A corporation may take the EOAC only after the corporation has filed an application with the Commissioner of Revenue and the Commissioner certifies eligibility for the credit. A corporation that takes the EOAC is required to file an application with the Commissioner for each project and each year the credit is claimed. For more information and the application, visit our website at www.mass.gov/dor.
The approval application requirement is waived effective Jan. 1, 2007.

What Is an EOA?

An economic opportunity area is an area that has been designated by the Economic Assistance Coordinating Council (EACC) to be a "decadent area" or a "blighted open area" which is detrimental to the sound growth of a community and unlikely to be developed by the ordinary operation of private enterprise.

Who Is Eligible to Take the EOA Credit?

The credit is available to all businesses regardless of whether the business is a sole proprietorship, partnership, corporate trust or corporation. It is also available to financial institutions, insurance companies and public service corporations.

What Is a Certified Project?

A Certified Project is a business proposal that has been approved by the EACC. To qualify as a valid business proposal, the proposal must include a workable plan to increase employment in the EOA and must be approved by the municipality located in the EOA.

What Type of Property Is Eligible for the Credit?

Property purchased for business use in a certified project may be used in the calculation of the credit. This property must qualify for the credit allowed under Massachusetts General Laws (MGL) Ch. 63, sec. 31A.

Are There Limitations to the Credit?

Yes. Taxpayers subject to tax under MGL Ch. 62 (sole proprietorships, trusts, corporate trusts and partnerships) are allowed to use the EOAC to offset up to 50% of their tax due. Corporations may offset up to 50% of the excise due with the EOAC. Corporations cannot use the credit to lower their excise below the minimum. The 50% limitation does apply to financial institutions, insurance companies and public service corporations.

May Excess Credits Be Carried Over from Year to Year?

Yes. Taxpayers subject to tax under MGL Ch. 62 may carryover unused credits for ten years. Taxpayers subject to tax under MGL Ch. 63 may carry over for ten years any credits not used due to the minimum excise limitation. However, any credits not used due to the 50% limitation can be carried over for an unlimited period of time.

Line Instructions

Line 1. Check the type of business for which the property is being used.

Line 2. Enter the type of return that you file. Enclose a copy of this schedule with your return.

Line 3. The location of the certified project should be entered here.

Line 4. Enter the date the project was certified by the EACC. Also, enclose a copy of the certification from the EACC.

If you are an S corporation shareholder, you will be notified by the S corporation of the amount to enter in line 9. If you are a general or limited partner you will be notified by the partnership of the amount to enter in line 9.

Line 5. Enter here an accurate description of the qualifying property for the 5% EOAC. The credit is limited to property purchased for business use within the EOA.

Line 6. Enter the total cost of the property purchased for business use in the certified project as approved by the EACC.

Line 7. Enter the amount taken for any U.S. basis reduction.

Line 8. Subtract line 7 from line 6. This is the total cost of the property after deducting any U.S. basis reduction.

Line 9. Multiply line 8 by 5% (.05). This equals the available current year EOAC.

Taxpayers who are subject to MGL. Ch. 63: Corporations who file Form 355, 355C, or 355S must enter the amount from Schedule EOAC, line 9 on Schedule H, part 4, line 24. Schedule H must be completed to reconcile the EOAC with your other credits and to account for any possible carryovers. All other taxpayers subject to MGL Ch. 63 must enter the amount from line 9 on their return.

Taxpayers who are subject to MGL Ch. 62: Taxpayers who are subject to MGL Ch. 62 must complete lines 10 through 17. Lines 10 through 15 are used to calculate the amount of credit that can be used this year. Taxpayers can offset up to 50% of their tax due with the EOAC. Line 16 is used to calculate the amount of the credit to be carried over to future years.

Line 10. Enter in line 10 your total tax from Form 1, line 27; Form 1-NR/PY, line 31; Form 2, line 40; or Form 3F, line 29.

Line 11. Add the Limited Income Credit, Credit for Income Taxes Paid to Other Jurisdictions, Lead Paint Credit, Energy Credit, Full Employment Credit, Septic Credit, Low-Income Housing Credit, Historic Rehabilitation Credit, Film Incentive Credit, Medical Device Credit, Home Energy Efficiency Credit, Solar Heat Credit and Brownfields Credit, if any. Enter the result in line 11.

Line 12. Subtract line 11 from line 10 and enter the result here. Do not enter less than "0."

Line 13. Enter 50% of line 12 in line 13.

Line 14. Add line 9 and any prior years unused EOAC from 2006, Schedule EOAC, line 17, column c. Enter the result in line 14.

Line 15. If line 13 is greater than or equal to line 14, enter line 14 here. If line 13 is less than line 14, enter line 13 here.

Enter the amount from line 15 on Form 1, Schedule Z; Form 1-NR/PY, Schedule Z; Form 2, line 43; or Form 3F, line 31.

Any credits not used in the current year due to the 50% limitation may be carried over for an unlimited number of years.