

2009 Schedule U-IC Instructions

Member's Individual Credits

Schedule U-IC must be filed by every taxable member of a combined group that possesses Massachusetts credits that are being used against either its excise or that of another member of the combined group. The schedule is used to reconcile the total of a member's credits that are being used against the Massachusetts excise due from either the member itself or another member for the current taxable year. An additional schedule, specific to the credit in question, is generally required to support the claim of each particular credit (e.g., Schedule RC in the case of a research credit).

A corporation that is a member of a combined group may be allowed to share a credit that is generated by another member where the credit derives from the unitary business of the combined group, consistent with the requirements and limitations referenced in 830 CMR 63.32B.2(9). Schedule U-IC is used to account for any credits that are so shared. In any case in which a credit is so shared, Schedule U-CS must also be filed and must identify both the member that is using the credit and the "contributing member" whose credit is being used.

Schedule U-IC Header

For each Schedule U-IC filed, enter the name of the member (as stated on its schedule U-ST) and the member's Federal Identification number.

Check one box to indicate whether the financial institution excise, the utility corporation excise or the general business corporation excise applies. S corporations taxable under M.G.L. c. 63, § 2B are considered financial institutions. S corporations taxable under M.G.L. c. 63, § 32D are considered business corporations.

Also enter the name of the principal reporting corporation, the Federal Identification number of the principal reporting corporation and the ending date of the combined group's taxable year.

Line Instructions for Schedule U-IC

Line 1. Enter the amount from Schedule U-ST, line 28.

Line 2. If the member is a business or a manufacturing corporation taxable under G.L. c. 63, § 39 or an S corporation taxable under G.L. c. 63, § 32D, enter the amount of its non-income measure excise on this line. All other corporations enter "0".

Line 3. Enter the amount of any excise reported on Schedule U-ST, line 29

Line 5 through 8. Enter the total of each credit generated or previously generated by the member that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include the appropriate schedule for the credit

claimed (e.g., Schedule EOAC in the case of the economic opportunity area credit), reporting the credit amount available and the credit amount used.

Line 9. A Brownfields credit may be transferred if an application of transfer is approved by the Department of Revenue. If approved, the transferee receives a certificate number that it is to reference in lieu of the submission of a Schedule BC. A taxpayer that claims the credit on line 8 that does not submit schedule BC must enter the certificate number here

Line 11. If the member is allowing another member to use any of its credits as referenced on line 10, enter the amount of such credits on line 11. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2 (9). An Economic Opportunity Area Credit derived from a tax year beginning prior to January 1, 2009 is subject to a special rule. See 830 CMR 63.32B.2 (9) (c) (2).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the applicable credits. The amount reported on line 11 must not be greater than the amount reported on line 10.

Line 13. If the member is sharing (i.e., being allowed to use) an EOAC, ITC, VPC or BC that was generated by another member, enter the total amount of such credits being used by the member on this line. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2, that list the member as the corporation using these particular credits.

Line 14. Combine lines 12 and 13. In the case of a business corporation, the total shall not be more than 50% of the amount on line 4 or more than the amount on line 4 minus \$456, whichever is less. In the case of a financial institution, the amount shall not be more than the amount on line 4 minus \$456. In the case of a utility corporation, the amount shall not be more than the amount on line 4.

Line 15. Enter the total of the research credit generated or previously generated by the member that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include Schedule RC, reporting the member's research credit amount available and the credit amount used in connection with the combined report. Do not include amounts for which the member is seeing a refund pursuant to the life sciences tax incentive program.

Line 16. If the member is allowing another member to use any of its credits as referenced in line 15, enter the amount of such credits on line 16. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both

the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2(9). A Research Credit derived from a tax year beginning prior to January 1, 2009 is subject to a special rule. See 830 CMR 63.32B.2 (9) (c) (2).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the research credit. The amount reported on line 16 must not be greater than the amount reported on line 15.

Line 18. If the member is sharing (i.e., being allowed to use) a section 38M credit generated by another member, enter the total amount of such credits being used by this member on line 18. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2, that list the member as the corporation using these credits.

Line 19. Combine **lines 17 and 18.** If the member is a financial institution or utility corporation, no credits are allowed. A business corporation is required to determine its limitation as applied to this credit under 830 CMR 63.38M.1 (8). In no event shall this latter limitation exceed the lesser of (a) the amount on line 4 minus the total of line 14 and \$456 or (b) 75% of the amount on line 4 plus \$6,250.

Lines 20 through 30. Enter the total of each credit generated or previously generated by the member that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include the appropriate schedule for the credit claimed; reporting the credit amount available and the credit amount used in connection with the combined report (enter certificate numbers for the film incentive credit referenced on line 25 and for the medical device credit referenced on line 27). Do not include any amounts for which the member is seeking a refund, pursuant to either the life sciences tax incentive program or the provisions of M.G.L. c. 63, § 32E.

Line 32. If the member is allowing another member to use any of the credits as referenced in line 31, enter the amount of such credits here. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2 (9).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the listed credits. The amount reported on line 32 must not be greater than the amount reported on line 31.

Line 34. If the member is sharing (i.e., being allowed to use) one or more listed credits generated by another member, enter the total amount of such credits being used by the member here. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2, that list the member as the corporation using these credits.

Line 35. Combine lines 33 and 34. In the case of a utility corporation, the amount shall not be more than line 4 minus line 14. In the case of a financial institution the amount shall not be more than the amount on line 4 minus the total of line 14 and \$456. In the case of all other corporations, the amount shall not be more than the amount on line 4 minus the total of lines 14, line 19 and \$456.

Line 36. Combine the amounts on lines 12, 17, and 33.

Line 37. A corporation that is subject to tax under M.G.L. c. 63, § 32D or § 39 must separately pay the non-income measure excise included in line 2. If the member is subject to the non-income measure excise, enter the total amount of the member's own credits that are being used against such excise on the member's separate return (i.e., on Form 355 or 355S). This amount must not be more than the amount stated on line 36. A financial institution or utility corporations must enter "0".

Line 38. Subtract line 37 from line 36. Enter this amount on Schedule U-ST, line 31.

Line 39. Enter the total of credits from other members being applied to the income measure of excise on this return. This may not be more than the total of the amounts on lines 13, 18 and 34 and may also not be more than the amount on line 4 minus the total of lines 2 and 38. Enter this amount on Schedule U-ST, line 32.

Line 40. Subtract the amount on line 39 from the total of the amounts on lines 13, 18 and 34.