

Combined Reporting Instructions

2011 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 37.

Lines 2 and 3. If the corporation participated in a certified project under the Economic Development Incentive Program and was authorized to take tax credits in the current taxable year by the EACC, enter the amount of credits claimed on line 2 and enter the certificate number issued by the EACC on line 3. The corporation must also enclose Schedule EDIP. Do not include any amounts for which the member is claiming a refund (the refundable portion of any credit is shown on Schedule U-RF). Note EDIP credits are only available for projects certified on or after January 1, 2010. See TIR 10-1. Credits under M.G.L. c. 38N for projects certified prior to 2010 must be reported on line 4.

Line 4 through 7. 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 must be attached if a credit is claimed on line 4), reporting the credit amount available and the credit amount used.

Line 8. 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 7 that does not submit schedule BC must enter the certificate number on line 8.

Line 10. If the member is allowing another member to use any of its credits as referenced on line 12, enter the amount of such credits on line 13. 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 10 must not be greater than the amount reported on line 9.

Line 12. If the member is sharing (i.e., being allowed to use) an EDIPC, 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 13. Combine lines 11 and 12. The total shall not be more than 50% of the amount on line 1 or, in the case of a business corporation or a financial institution, more than the amount on line 1 minus \$456, whichever is less.

Line 14. Enter the total of the research credit generated or previously generated by the member under M.G.L. c. 63, § 38M 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 seeking a refund pursuant to the life sciences tax incentive program (the refundable portion of any credit is shown on Schedule U-RF). Do not include amounts claimed for the Life Sciences research credit under M.G.L. c. 63, § 38W.

Line 15. If the member is allowing another member to use any of its credits as referenced in line 14, enter the amount of such credits on line 15. 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 15 must not be greater than the amount reported on line 14.

Line 17. 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 17. 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, which list the member as the corporation using these credits.

Line 18. Combine lines 16 and 17. 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 1 minus the total of line 13 and \$456 or (b) 75% of the amount on line 1 plus \$6,250.

Lines 19 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 24 and for the medical device credit referenced on line 26). 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 (the refundable portion of any credit is shown on Schedule U-RF).

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 1 minus line 13. In the case of a financial institution the amount shall not be more than the amount on line 1 minus the total of line 13 and \$456. In the case of all other corporations, the amount shall not be more than the amount on line 1 minus the total of lines 13, line 18 and \$456.

Summary

Line 36. Combine the amounts on lines 11, 16 and 33. Enter this amount on U-ST, line 38.

Line 37. Combine the amounts on lines 12, 17 and 34. Enter this amount on U-ST, line 39.

Pass-Through Entity Withholding

Lines 38 and 39. Enter the amount of any withholding tax from pass-through entities on line 39. This is the amount of withholding from all Schedules 3K-1, lines 33 and 35 that the corporation may have received. Also enter the Federal Identification number of the pass-through entity which withheld the amount. The total pass-through entity withholding is also entered on U-ST, line 42.