

2015 Schedule H Instructions

Investment Tax Credit and Carryovers

Corporations claiming an Investment Tax Credit and corporations taking a credit carryforward from a prior year must file Schedule H.

Part 1. Calculation of Current-Year Investment Tax Credit Generated

Lines 1a through 1d

Only R&D corporations should complete these lines. All others leave blank. R&D corporations are eligible for the credit only if two thirds of their Massachusetts receipts are derived from the provision of research and development services or from royalties or fees from licensing patents know-how or other technology developed from research and development. See Regulation 830 CMR 64H.6.4 for further information.

Lines 2a through 2h

Enter the total cost basis of all qualified depreciable property placed in service during the tax year by Schedule A category. Qualifying property must be tangible property, including buildings but excluding motor vehicles and other property taxable under Ch. 60A, used by the corporation in Massachusetts, situated in the Commonwealth on the last day of the taxable year and depreciable under Section 167 of the IRC with a useful life of four years or more. A corporation may not claim the credit for property it leases to others as a lessor.

Line 4

If any of the property included in lines 2a through 2h is eligible for a U.S. Tax Credit, the total amount of the U.S. credit taken with respect to the qualifying property must be entered here and applied as a reduction to the basis in calculating the Massachusetts credit.

Line 6

Enter the tentative tax credit. This is 3% of the cost after any basis reduction.

Line 7

If qualifying property is placed in service and disposed of or otherwise ceases to be in qualified service before the end of the same tax year, the amount of credits available is reduced. Multiply the credit otherwise available (cost as reduced by U.S. tax credits times 3%) by a fraction, the numerator of which is the number of months remaining in the useful life of the asset when it is disposed of or otherwise ceases to qualify and denominator of which is the total number of months in the assets' useful life. For example, an item that is depreciated over a seven-year period for U.S. tax purposes has a useful life of 84 months.

Line 8

Subtract the amount of the credit reduction in line 7 from the tentative credit in line 6.

Completing the Schedule

Line 1

Enter \$25,000 (the total potential ITC recapture from all years).

Line 2a

Enter \$2,000 (the amount of credits expired unused).

Part 2. Reconciliation of Massachusetts Tangible Property

Corporations claiming an ITC in Part 1 must complete Part 2 based on the book value of their capital assets located in Massachusetts.