

Combined Reporting Instructions — 2016 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 own excise or the excise of another member of the combined group. 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 must also be filed by a combined group member that is taking credits under the credit sharing rules.

Schedule U-IC works in conjunction with the Credit Manager Schedule (which must be filed by any member using its own credits or allowing others to use them) and with Schedule U-CS (which must be filed by any member that is taking a credit against its excise under the credit sharing rules).

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 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.

Line 2

If the corporation is taking EDIPC, EOAC, Investment Tax Credit, Brownfields Credit or Vanpool Credit based on its own activities (not under the sharing rules) those credits are shown on part 1 of the Credit Manager Schedule which must be filed with this return. Enter the total amount EDIPC, EAOC, ITC, BC or VP credits being taken by this corporation against its own excise on line 2. All credits taken here must be shown in column (f) of the credit manager schedule for those credit types.

Line 3

If the corporation is taking EDIPC, EOAC, Investment Tax Credit, Brownfields Credit or Vanpool Credit under the sharing rules, those credits are shown on schedule U-CS which must be filed with this return (multiple schedules U-CS are allowed and may be required if more than one type of credit is being taken or if more than one affiliate is allowing this member to use its credits). Enter the total amount EDIPC, EAOC, ITC, BC or VP credits belonging to other members of that group but being taken by this corporation under the sharing rules line 3.

Line 4

Combine the amounts on line 2 and line 3. Except in the case of a Brownfields Credit being taken by a financial institution or where a credit has been designated as refundable by the EACC, the total

shall not be more than 50% of the amount on line 1. This total may also not be more than the amount on line 1 minus \$456.

Line 5

If the corporation is taking the research credit (M.G.L. c. 63, § 38M) based on its own activities and not under the sharing rules, those credits are shown on the Credit Manager Schedule which must be filed with this return. Enter the total amount of the research credit being taken by this corporation against its own excise on line 2. All research credits taken here must be shown in column (f) of Part 1 of the credit manager schedule for that credit type. 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 part 2 of the credit manager schedule). Do not include amounts claimed for the Life Sciences research credit under M.G.L. c. 63, § 38W.

Line 6

If the corporation is taking the Massachusetts research credit (M.G.L. c. 63, § 38M) of an affiliate under the sharing rules, those credits are shown on schedule U-CS which must be filed with this return (multiple schedules U-CS are allowed and is required if more than one affiliate is allowing this member to use its credits). Enter the total amount research credits belonging to other members of that group but being taken by this corporation under the sharing rules line 7.

Line 7

Combine the amounts on line 5 and line 6. A business corporation is required to determine its limitation as applied to this credit under 830 CMR 63.38M.2 (10). In no event shall this latter limitation exceed the lesser of (a) the amount on line 1 minus the total of line 4 and \$456 or (b) 75% of the amount on line 1 plus \$6,250.

Line 8

Enter the total amount of the corporation's other credits taken as shown on the credit manager schedule, Part 1, column (f) and not included on lines 2 and 5 above on line 8. The total of lines 2, 5 and 8 must equal the total credits taken in Part 1, column (f) of the credit manager schedule. Do not include any refundable credits shown in Part 2 of the credit manager schedule.

Line 9

If the corporation is sharing one or more credits generated by another member and not accounted for on lines 3 or 6 above, enter the total amount of such credits being used by the member here. The total of the amounts on lines 3, 6 and 9 must match the total of the 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 10

Combine lines 8 and 9. The total of credits taken may not exceed the amount on line 1 minus the total of the amount on lines 4, line 7 and \$456.

Summary

Line 11

Combine the amounts on lines 2, 5, and 8. Enter this amount on U-ST, line 38.

Line 12

Combine the amounts on lines 3, 6 and 9. Enter this amount on U-ST, line 39.

Pass-Through Entity Withholding**Line 13**

Enter the amount of any withholding tax from pass-through entities on line 13. This is the amount of withholding from all Schedules 3K-1, 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.