

Combined Reporting Instructions — 2017 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 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).

Credit Manager Schedule

Any member using its own credits or allowing others to use them must complete and enclose a Credit Manager Schedule in order to report all credits generated, taken or carried over from prior years.

The Credit Manager Schedule (CMS), which eliminates Schedule CR, reports in Part 1 the taxpayer's credits available (including credits carried over from prior years) and the credits taken. Credits are shown in a table format and may be listed in any order. Taxpayers with more than one credit available may choose how much of each credit to take in the current year. A taxpayer participating in a combined report and allowing other members of the combined group to use its credits as allowed in 830 CMR 63.32B.2(9) also reports the amount of each credit shared on this schedule.

Credit Certificate Number

Some credits are identified on the Credit Manager Schedule by a certificate number. The certificate number for the credit is assigned by the issuing agency (which may be the Department of Revenue) and must always be reported to claim the credit. A taxpayer with multiple certificates for the same type of credit will enter each separately, with the available (unused) balance associated with that certificate in column (e) and the amount of the credit used in the current year in column (f). Taxpayers claiming the EDIP Credit for a Certified Jobs Creation Project must enter a certificate number, but are only required to complete the header section of Schedule EDIP.

Credits Identified by Period End Date

Some credits are identified by the period end date which refers to the period in which the credit originated (i.e., when it was generated). This may be the current taxable year or a prior year if the credit is being carried forward from a prior year. If the period of origin is the current year, a schedule detailing the calculation of the amount of credit must be enclosed with the return. If the period of origin is a prior year, only the amount carried over to and available in the current year is shown in column (e) and no calculation schedule is required.

If, by operation of M.G.L. c. 63, s. 32C or another provision of law, a credit normally identified by period of origin is eligible for indefinite carryover, the credit should be reported as "non-expiring." The taxpayer is not required to identify the period of origin on the Credit Manager Schedule (non-expiring credits were formerly referred to as "unlimited"). The abbreviation in the enumeration column is used to identify the credit type on the Credit Manager Schedule.

Part 2 of the Credit Manager Schedule reports any refundable credits claimed in the current year.

Refundable Credits

Certain credits are refundable only if specifically authorized or, in the case of the Film Credit, if the original recipient has not transferred the credit to another. Other conditions may apply depending on the terms applicable to the specific credit. Credits are identified separately. The amount in column (f) is the amount of the refund requested, which may be 100% or 90% of the amount reported in column (e).

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 and the Federal Identification number of the principal reporting corporation. Enter 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 member 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 member 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 member 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 member under the sharing rules.

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 (which is the minimum excise amount due).

Line 5

If the member 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 member 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 member 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 member'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 member 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.