

2011 Form EDIP Instructions

General Information

What Is the Economic Development Incentive Program Credit?

The Economic Development Incentive Program Credit (EDIPC) is a tax credit under G.L. c. 62, § 6(g) and G.L. c. 63, § 38N equal to a percentage of the cost of property purchased for business use within a certified project as defined in G.L. c. 23A, § 3A.

To be eligible for the EDIP credit, the project must have certified on or after January 1, 2010. As part of the project certification, the Economic Assistance Coordinating Council (EACC) may (but is not required to) award a credit under the program and, when a credit is awarded, the EACC will determine the percentage of the cost of property to be used in determining the credit.

Taxpayers with ongoing projects that were certified prior to January 1, 2010 may be eligible for credits under the prior version of the Economic Development Incentive Program; such taxpayers do not file schedule EDIP (see TIR 10-01 and Schedule EOAC).

The EACC may also, in consultation with the DOR, limit (but not expand) the credit to a specific dollar amount or time duration or in any other manner deemed appropriate by the EACC, St. 2009, c. 166, §18. For example, the EACC may limit the credit available with respect to a particular project to a specific dollar maximum, even if the actual dollar amount of the qualifying purchases would otherwise generate a higher credit amount. Similarly, the EACC may limit the otherwise applicable credit carry forward period provided by G.L. c. 62, § 6(g) and G.L. c. 63, § 38N (d).

What type of Property is eligible for the credit?

Except when and as limited by the EACC, the credit covers all property that is 1) eligible for the current 3% Investment Tax Credit (ITC) and 2) used exclusively in a certified project. The EDIP Credit and the 3% ITC cannot be taken for the same property. If a taxpayer is awarded both the EDIP Credit and the Life Science ITC (G.L. c. 63, § 38U) with respect to the same property, the EDIP Credit with respect to any property on which the taxpayer also claims the Life Science ITC is limited to 2% of the cost regardless of the rate that may apply to other property used in the certified project.

Are There Limitations to the EDIP Credit?

The credit awarded by the EACC may be taken by any taxpayer subject to tax under G.L. c. 62 (personal income tax) or c. 63 (corporation excise). Except where the EACC has authorized a refund of the unused credit, the credit may not offset more than 50% of the tax due under the applicable chapter. In the case of a corporation which is subject to a minimum excise under any provision of c. 63, the credit may not reduce the excise to less than such minimum excise. The EACC may also, in consultation with the DOR, limit (but not expand) the credit in any manner deemed appropriate by the EACC, St. 2009, c. 166, § 18.

May Excess Credits Be Carried Over from Year to Year?

Any EDIP credit not used because it exceeds the excise for the current taxable year or because of other limitations may be carried over to subsequent taxable years G.L. c. 62, § 6(g)(2); G.L. c. 63, § 38N(d). Credits not used because of the minimum excise limitation, because of the fifty percent limitation, or because it exceeded the excise for the current taxable year may be carried over for ten years. However, under no circumstance may the credit be carried over for more than five years after a project ceases to be certified, c. 62 § 6(g) (2); G.L. c. 63, § 38N (d). The credit carry forward provisions do not apply to any portion of the credit that is refunded, St. 2009, c. 166, §§ 22, 23.

Pursuant to the authority granted to the EACC to limit the credit in any manner deemed appropriate, the EACC may, as part of the project certification process, limit the EDIP carry forward available to a taxpayer for projects certified on or after January 1, 2010.

Line Instructions

Header

Enter the name and address of the taxpayer filing Form EDIP. Corporations and partnerships also enter the name and contact information for an individual the Department may contact for further information or documentation if needed when processing the return. Also enter the name of the business as it appears on the EDIP credit award from the EACC.

Project type is determined by the EACC when project is certified. Certified Expansion Projects (CEP) must be in an Economic Opportunity Area (EOA). Certified Enhanced Expansion Projects (CEEP) may be anywhere in the Commonwealth. Certified Manufacturing Retention Projects (CMR) must be located in a “gateway municipality” as that term is defined in G.L. c. 23A. When awarding a credit, the EACC will also issue a certificate number which must be entered on Form EDIP when claiming the credit.

Part 1. Credit Generated in the Current Year

Line 1. Enter the cost basis of qualified assets placed in service in this project.

Line 2. Enter the credit rate authorized by the EACC. If this is a manufacturing retention project, the credit rate may not exceed 40% (.40). For all other projects, the credit rate may not exceed 10% (.10).

Line 3. Multiply the cost of the qualified property by the rate authorized by the EACC.

Line 4. Enter the dollar limit on the credit authorized by the EACC. If an amount has been authorized for a multi-year project, reduce this amount by credits generated in prior years.

Line 6. A partnership or an S corporation may include the credit in the distributive shares of the partners/shareholders as reported on Schedule 3K-1 or SK-1. The partnership or S corporation making such a distribution must file Form EDIP with its return and enter the

total amount of such credit passed through (not more than the amount on line 5) as a negative amount on line 6.

Partners and/or Shareholders receiving such credits must file Form EDIP with their own returns but do not complete Part 1, lines 1 through 5, entering on line 6 their distributive share of the credit. The partnership or S corporation must provide each recipient with the project type and certificate number required to claim the credit.

Part 2. Use of Credit

Line 1. Enter the total EDIP credit not previously taken or refund. If Form EDIP was not filed in any prior taxable year, this will be the amount from Part 1, line 7. If the taxpayer has credits carried over from a prior year, add the carry over amount to the amount from Part 1, line 7.

Line 2. Limit on credit that may be taken or refunded this year. The EACC may authorize credits to be taken over several taxable years. Enter the amount authorized by the EACC for the current taxable year.

Line 3. Credit taken against tax. Enter the smaller of the amount on line 1, line 2 or 50% of the tax (from Form 1, line 27; Form 1-NR/PY, line 31; or Form 2, line 40; Form 355, line 5; Form 355S, line 8; Form 355U, Schedule U-IC, line 4) reduced by other allowable credits.

Line 5. The EACC may, but is not required to, authorize a refund of unused credits in the case of a Certified Manufacturing Retention project (only). If the EACC has authorized a refund for the current year, enter the maximum refund authorized by the EACC.

Line 7. Enter the amount of unused EDIP credit (line 4 minus line 6). The EACC may, but is not required to, limit the carryover of unused EDIP credits.