Credit History Table

The purpose of the Credit History Table is to provide a means for taxpayers to track both the eligible credit amount available for each tax year and the actual credit taken as an installment. By using the Credit History Table, taxpayers can verify that the amount of credit taken for each installment does not exceed the amount of credit actually available to the taxpayer. The table also provides a means for tracking any unused portion of an installment that can be carried to future years or has expired.

The example below shows how the M & E Credit History Table for 2003 is completed.

1997 Column. In 1997, ABC Corporation was eligible to claim \$7000 of M & E credit. Taxpayer entered \$7000 in the "Eligible Credit Amount" box. Based upon the eligible credit amount, each installment available to ABC Corporation for tax years 1998 through 2004 is \$1000 (\$7000 \div 7 years). For tax years 1998 through 2001, ABC Corporation's income tax liability was sufficient to claim 100% of the available installment amount. Taxpayer entered \$1000 in the 1997 column for installments 1, 2, 3, and 4.

In 2002, ABC Corporation was limited to \$980 of its available M&E installment and had \$20 of installment to carry forward to 2003. Taxpayer entered in the 1997 column \$980 for the 5th installment and \$20 in the "Carryforwards to Take in Future" box.

In 2003, ABC Corporation was limited to \$52 of its available M&E installments and carryforwards. Taxpayer used the \$20 carryforward from the 1997 5th installment and \$32 of the 6th installment. Taxpayer entered

in the 1997 column \$52 for the 6th installment, \$20 in the "Carryforwards Taken" box, and \$968 in the "Carryforwards to Take in Future" box. The carryforward is calculated as follows:

\$1000 (1997 6th installment available) + \$20 (1997 5th installment carryforward available) - \$52 (amount of credit actually taken in 2003) = \$968.

2002 Column. In 2002, ABC Corporation was eligible to claim \$8750 of M & E credit. Taxpayer entered \$8750 in the "Eligible Credit Amount" box. Based upon the eligible credit amount, each installment available to ABC Corporation for tax years 2003 through 2009 is \$1250 (\$8750 \div 7). However, in 2003 ABC Corporation partially disposed of machinery and equipment used to qualify for the M&E credit in 2002, thereby reducing the amount of each future installment available to \$250.

In 2003, ABC Corporation did not have sufficient income tax to be eligible to take the 1st installment of the 2002 M&E Credit. Taxpayer entered in the 2002 column, \$0 for the 1st installment, \$250 in the "Carryforwards to Take in the Future" box, and \$1000 in the "Expired Installments" box. If the taxpayer does not dispose of additional machinery and equipment used to qualify for the 2002 M & E credit, the "Expired Installments" box will increase by \$1000 each year.

2003 Column. In 2003, ABC Corporation was eligible to claim \$35,000 of M&E credit. Taxpayer entered \$35,000 in the 2003 "Eligible Credit Amount" box. No installments of this credit are available to ABC corporation until tax year 2004.

Tax Year 📂 1996			1997	1998	1999	2000	2001	2002	2003	
E	Eligible Credit Amount			7000					8750	35000
			Taken in 1997	Taken in 1998	Taken in 1999	Taken in 2000	Taken in 2001	Taken in 2002	Taken in 2003	Taken in 2004
	1st	Franchise								
		Income		1000					0	
			Taken in 1998	Taken in 1999	Taken in 2000	Taken in 2001	Taken in 2002	Taken in 2003	Taken in 2004	Taken in 2005
Installments	2 nd	Franchise								
		Income		1000						
	3 rd		Taken in 1999	Taken in 2000	Taken in 2001	Taken in 2002	Taken in 2003	Taken in 2004	Taken in 2005	Taken in 2006
		Franchise								
Ξ	0.703	Income		1000						
=	4 th		Taken in 2000	Taken in 2001	Taken in 2002	Taken in 2003	Taken in 2004	Taken in 2005	Taken in 2006	Taken in 2007
ŭ		Franchise								
ا <u>ت</u>		Income		1000						
	5 th		Taken in 2001	Taken in 2002	Taken in 2003	Taken in 2004	Taken in 2005	Taken in 2006	Taken in 2007	Taken in 2008
		Franchise								
	•	Income		980						
			Taken in 2002	Taken in 2003	Taken in 2004	Taken in 2005	Taken in 2006	Taken in 2007	Taken in 2008	Taken in 2009
	6 th	Franchise								
	•	Income		52						
			Taken in 2003	Taken in 2004	Taken in 2005	Taken in 2006	Taken in 2007	Taken in 2008	Taken in 2009	Taken in 2010
	7 th	Franchise				110000				
		Income								
	Carryforwards Taken			20					· · · · · · · · · · · · · · · · · · ·	
Carryforwards to Take in Future				968					250	
Expired Installments								1000	Programme de la companya de la compa	