

Form NC-478F - Investing in Business Property

The credit for investing in business property expired for business property placed in service on or after January 1, 2002. If you placed business property in service prior to January 1, 2002, you may continue to take the remaining installments and carryforwards of prior years' credits by completing Parts 2 and 3.

The following instructions for completing Part 2 and Part 3 of Form NC-478F apply to individuals, S corporations claiming the credit against franchise tax, and C corporations. Partnerships, S corporations claiming the credit against income tax, and other pass-through entities, see the specific instructions for pass-through entities located after the instructions for Part 3.

Part 2. Computation of Eligible Credit To Be Taken in 2004.

- Line 1.** Enter the 2001 eligible installment amount.
(See 2001 Form NC-478F, Part 1, Line 5.)
- Line 2.** Enter the 2000 eligible installment amount.
(See 2000 Form NC-478F, Part 1, Line 5.)
- Line 3.** Enter the portion of eligible installments not taken for tax years 1996 through 2003.
- Line 4.** Add Lines 1 through 3. **This is the amount of eligible credit available to take for investing in business property in 2004.** *(Carry amount to Form NC-478, Line 6.)*

Part 3. Business Property Credit History Table.

Eligible Credit Amount	In the 2000 and 2001 columns, enter the total eligible credit amount as calculated on the prior year's Form NC-478F.
Installments Taken in 2004	In the 2000 and 2001 columns, enter the amount of credit actually taken in tax year 2004. The amount of credit taken includes the amount of current year's installment plus any portion of a prior year's carryforward utilized in 2004.
Carryforwards Taken	If any portion of a prior year's installment is utilized in tax year 2004, enter the amount of carryforward taken in the applicable column. <i>(Important. Carryforwards taken do not include the amount of current year's installment taken. Carryforwards taken should only be entered if in 2004 a portion of a prior year's installment is utilized.)</i>
Carryforwards To Take In Future	If an installment is not fully utilized in tax year 2004, enter the amount not taken as a carryforward to take in the future. <i>(Important. Carryforwards to take in the future do not include eligible installments to be taken in future years. Carryforwards to take in the future should only be entered if in 2004 a portion of a current installment can not be utilized due to the 50% of tax limitation.)</i>
Expired Installments	If an installment expires, enter the amount of expired credit in the applicable column. Generally, a credit for investing in business property expires if the business property is disposed of, taken out of service, or moved out of North Carolina prior to the end of the five-year period in which the credit is claimed. <i>(For a detailed example on how to calculate the amount of expired installment, see the "Guidelines for Article 3A Tax Credits" available from the Department's website.)</i>

Pass-through entities. S corporations claiming the credit against income tax complete Parts 2 and 3 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 2, Line 3, include only the carryforwards for those nonresident shareholders on whose behalf a composite return is filed in both the prior year and the current year. **Partnerships** complete Parts 2 and 3 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. On Part 2, Line 3, include only the carryforwards for those nonresident partners on whose behalf the partnership pays tax in both the prior year and the current year. **Trusts and estates** complete Parts 2 and 3 by including only the amount that is allocated to the fiduciary.