

Form NC-478G- Investing in Renewable Energy Property

The credit for investing in renewable energy property serving a single-family dwelling is not taken in installments but is taken in the tax year the renewable energy property is placed in service. For all other property, the credit is taken in five equal installments beginning with the tax year the property is placed in service. Any unused portion of either credit may be carried forward for five succeeding years. **Important. You can not claim the credit for investing in renewable energy property if you claimed any other credit allowed in Chapter 105 of the North Carolina revenue laws with respect to the same property.**

The following instructions for completing Part 1 through Part 4 of Form NC-478G 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 5.

Part 1. Business Information. *(The information requested in Part 1 is for a single establishment at which renewable energy property is constructed, purchased, or leased and placed in service in North Carolina during tax year 2004. If you invested in renewable energy property at more than one establishment in 2004, complete a separate Form NC-478G for each establishment.)*

Type of Renewable Energy Property. Fill in all applicable circles related to the type of renewable energy property constructed, purchased, or leased and placed in service at this establishment during 2004.

Type of Residence or Purpose Served. Fill in the applicable circle related to the type of residence or purpose served at the property constructed, purchased, or leased and placed in service at this establishment in 2004.

Address and County Where Property is Placed in Service. Enter the address and county in which an investment in renewable energy property was made during tax year 2004.

Part 2. Computation of Eligible Credit Amount for Investing in Property Serving Single-Family Dwelling in 2004. *(The information requested in Part 2 is for a single establishment at which renewable energy property is constructed, purchased, or leased and placed in service in North Carolina during 2004. If you invested in renewable energy property at more than one establishment in 2004, complete a separate Form NC-478G for each establishment.)*

Line 1. Enter the cost of renewable energy property constructed, purchased, or leased and placed in service in North Carolina in 2004 for one single-family dwelling. **(Note.** *The cost of renewable energy property must also be entered on Form NC-478, Part 4, Line 30.*)

Line 2. Multiply Line 1 by 35%.

Line 3. Enter the maximum credit for the applicable type of renewable energy property constructed, purchased, or leased and placed in service in 2004 for one single-family dwelling. For residential property, the maximum credit for each type of property is:

- \$1,400 for solar energy equipment for domestic water heating
- \$3,500 for solar energy equipment for active or passive heating or combined domestic water heating and space heating
- \$10,500 for any other renewable energy property

Line 4. Enter the lesser of Line 2 or Line 3. **This is the amount of eligible credit for investing in single-family renewable energy property in North Carolina in 2004.**

Part 3. Computation of Eligible Credit Amount for Investing in Property Serving a Nonresidential Purpose or a Multi-Family Building in 2004. *(The information requested in Part 3 is for a single establishment at which renewable energy property is constructed, purchased, or leased and placed in service in North Carolina during 2004. If you invested in renewable energy property at more than one establishment in 2004, complete a separate Form NC-478G for each establishment.)*

Line 5. Enter the cost of renewable energy property constructed, purchased, or leased and placed in service in North Carolina in 2004 for a nonresidential purpose or a multi-family building. **(Note.** *The cost of renewable energy property must also be entered on Form NC-478, Part 4, Line 30.*)

Line 6. Multiply Line 5 by 35%.

Line 7. Enter the maximum credit for the applicable type of renewable energy property constructed, purchased, or leased and placed in service in 2004 for nonresidential purposes or a multi-family building. For nonresidential property, the maximum credit for each type of property is \$250,000. For residential property, the maximum credit per dwelling unit is:

- \$1,400 for solar energy equipment for domestic water heating
- \$3,500 for solar energy equipment for active or passive heating or combined domestic water heating and space heating
- \$10,500 for any other renewable energy property

Line 8. Enter the lesser of Line 6 or Line 7. **This is the amount of eligible credit for investing in nonresidential or multi-family renewable energy property in North Carolina in 2004.** The total eligible credit amount for investing in nonresidential purposes or a multi-family renewable energy property in 2004 for **ALL** establishments must also be entered in the Credit History Table. *(See Part 5, 2004 Column, Eligible Credit Amount.)*

Line 9. Divide Line 8 by the number 5. This is the eligible installment amount for this establishment to be taken starting in tax year 2004.

Part 4. Computation of Amount Eligible To Be Taken in 2004. *(The information requested for Part 4 is a cumulative total for all establishments and should be entered only once on the last Form NC-478G filed.)*

Line 10. Enter the amount of eligible credit for investing in single-family renewable property. *(From Part 2, Line 4.)*

Line 11. Enter the 2004 eligible installment amount for investing in nonresidential or multi-family renewable energy property. *(From Part 3, Line 9.)*

Line 12. Enter the 2003 eligible installment amount for investing in nonresidential or multi-family renewable energy property. *(See 2003 Form NC-478G, Part 3, Line 9.)*

Line 13. Enter the 2002 eligible installment amount for investing in nonresidential or multi-family renewable energy property. *(See 2002 Form NC-478G, Part 3, Line 9.)*

Line 14. Enter the 2001 eligible installment amount for investing in nonresidential or multi-family renewable energy property. *(See 2001 Form NC-478G, Part 2, Line 5.)*

Line 15. Enter the 2000 eligible installment amount for investing

in nonresidential or multi-family renewable energy property. (See 2000 Form NC-478G, Part 2, Line 5.)

Line 16. Enter the portion of credit or eligible installments not taken for tax years 2000 through 2003.

Line 17. Add Lines 10 through 16. **This is the amount of eligible credit available to take for renewable energy property in 2004.** (Carry amount to Form NC-478, Line 7.)

Part 5. Nonresidential or Multi-Family Renewable Energy Property Credit History Table. (The information requested for Part 5 is a cumulative total for all establishments and should be entered only once on the last Form NC-478G filed. The installment portion of Credit History Table can not be completed in its entirety until after completing Part 3 of Form NC-478.)

Eligible Credit Amount In the 2004 column, enter the total eligible credit amount for investing in nonresidential or multi-family renewable energy property in 2004. (From Part 3, Line 8.) In the 2000 through 2003 columns, enter the total eligible credit amount as calculated on the prior year's Form NC-478G.

Installments Taken in 2004 In the 2000 through 2004 columns, enter the amount of credit actually taken in 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 2004, enter the amount of carryforward taken in the applicable column. (**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.)

Carryforwards To Take In Future If an installment is not fully utilized in 2004, enter the amount not taken as a carryforward to take in the future. (**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.)

Expired Installments If an installment expires, enter the amount of expired credit in the applicable column. Generally, a credit for investing in renewable energy property expires if the 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. (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.)

Pass-through entities. S corporations claiming the credit against income tax complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 2, Line 4 or Part 3, Line 9 among the shareholders. Complete Parts 4 and 5 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 4, Line 16, 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 1 through 3 as one taxpayer, then allocate the amount from

Part 2, Line 4 or Part 3, Line 9 among the partners. Complete Parts 4 and 5 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. On Part 4, Line 16, 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 1 through 3 as one taxpayer, then allocate the amount from Part 2, Line 4 or Part 3, Line 9 among the fiduciary and the beneficiaries. Complete Parts 4 and 5 by including only the amount that is allocated to the fiduciary.