

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 Credit To Be Taken in 2005.

- Line 1.** Enter the 2001 installment amount.
(See 2001 Form NC-478F, Part 1, Line 5.)
- Line 2.** Enter the amount of eligible installments for tax years 1996 through 2001 not utilized in tax years 1996 through 2004.
- Line 3.** Add Lines 1 and 2. **This is the amount of credit to take in 2005 for investing in business property.** *(Carry amount to Form NC-478, Part 1, Line 6.)*

Part 3. Business Property Credit History Table.

Credit Amount	In the 2001 column, enter the amount of credit as calculated on the 2001 Form NC-478F.
Installments	Enter the amount of 2001 installment actually taken in each tax year. The amount of installment taken includes the amount of the 2001 installment utilized during each tax year plus any unused portion of a prior year's installment taken in that tax year. <i>(For more information, see "Credit History Table".)</i>
Carryforwards Taken	If in 2005, an unused portion of a 2001 installment is taken, enter the amount in the applicable column. (Important. <i>In the 2001 column, do not include carryforwards taken for tax years 1996 through 2000. Carryforwards taken does not include the amount of current year's installment.)</i>
Carryforwards To Take In Future	If the current year's installment is not fully utilized in 2005, enter the portion not taken as a carryforward to take in the future. (Important. <i>Carryforwards to take in the future should only be entered if in 2005 a portion of a current year's installment can not be utilized due to the 50% of tax limitation.)</i>
Expired Installments	If in 2005, the current year's installment expired, 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. (Important. <i>In the 2001 column, do not include expired installments for tax years 1996 through 2000. 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 2, 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 2, 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.