

NC-478K - Investing in Business Property

The credit for investing in business property expired for taxable years beginning on or after January 1, 2014.

The following instructions for completing Part 3 and Part 4 of the NC-478K apply to taxpayers that continue to take installments of the credit and any unused portion of prior years' credits.

Part 3. Computation of Amount To Be Taken in 2015. *(The information requested for Part 3 is a cumulative total for all counties and should be entered only once on the last NC-478K filed.)*

- Line 1.** Enter the 2013 installment amount.
(From 2013 NC-478K, Part 1, Line 14)
- Line 2.** Enter the 2012 installment amount.
(From 2012 NC-478K, Part 1, Line 14)
- Line 3.** Enter the 2011 installment amount.
(From 2011 NC-478K, Part 1, Line 14)
- Line 4.** Enter the portion of installments not taken from previous years.
- Line 5.** Add Lines 1 through 4. **This is the amount of credit to take in 2015 for investing in business property.** *(Carry amount to Line 6 of NC-478)*

Part 4. Business Property Credit History Table. The purpose of the Credit History Table is to provide a means for taxpayers to track both the 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. **(Note.** *The installment portion of the Credit History Table can not be completed in its entirety until after completing Part 3 of NC-478.*)

Credit Amount In the 2013 column, enter the total credit amount as calculated on the prior year's NC-478K.

Installments In the 2011 through 2013 columns, enter the amount of installment actually taken in each tax year. The amount of installment taken includes the amount of each year's installment utilized during the tax year plus any unused portion of a prior year's carryforward taken in that tax year.

Carryforwards Taken If any portion of a prior year's installment is taken in tax year 2015, enter the amount 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 2015 a portion of a prior year's installment is utilized.*)

Carryforwards To Take In Future If the current year's installment is not fully utilized in tax year 2015, 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 2015 a portion of a current year's 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 business property expires if the property is disposed of, taken out of service, or moved out of North Carolina prior to the end of the four-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 3J Tax Credits" available from the Department's website.)*

Pass-through entities. S corporations claiming the credit against income tax complete Parts 3 and 4 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 3, Line 4, 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 3 and 4 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. On Part 3, Line 4, include only the carryforwards for those nonresident partners on whose behalf the partnership pays tax in both the prior year and the current year. **Estates and Trusts** complete Parts 3 and 4 by including only the amount allocated to the fiduciary.