

NC-478G - Investing in Renewable Energy Property

DELAYED SUNSET. For most taxpayers, the credit for investing in renewable energy property was repealed effective for renewable energy property placed in service on or after January 1, 2016. Taxpayers that met the requirements of G.S. 105-129.16A(f) qualified for a one-year extension of the sunset date for renewable energy property placed in service before January 1, 2017. *(For detailed information, see the "Important Notice" published by the Income Tax Division on September 29, 2015 available from the Department's website.)*

Session Law 2017-57 provided an Alternate Delayed Sunset. The credit for investing in renewable energy property is repealed effective for renewable energy property utilizing renewable biomass resources placed in service on or after May 5, 2017.

The credit for investing in renewable energy property that serves a nonbusiness purpose is not taken in installments but is taken in the tax year the renewable energy property is placed in service. For all other renewable energy 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 cannot 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.** *(For more information, see the "Guidelines for Determining the Tax Credit for Investing in Renewable Energy Property" published by the Department on October 1, 2014.)*

The following instructions for completing Part 1 through Part 5 of 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. Qualifying Information. *(The information requested for 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 2017. If you invested in renewable energy property at more than one establishment in 2017, complete a separate 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 2017.

Type of Purpose Served. Fill in the applicable circle related to the purpose served by the property constructed, purchased, or leased and placed in service at this establishment in 2017.

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 2017.

Part 2. Computation of Credit Amount for Investing in Nonbusiness Property in 2017. *(The information requested for 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 2017. If you invested in renewable energy property at more than one establishment in 2017, complete a*

separate 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 2017 for a nonbusiness purpose.

Line 2. Multiply Line 1 by 35%.

Line 3. Enter the maximum credit for the applicable type of nonbusiness renewable energy property constructed, purchased, or leased and placed in service in 2017. The maximum credit is:

- \$1,400 per dwelling for solar energy equipment for domestic water heating
- \$3,500 per dwelling for solar energy equipment for active or passive heating or combined domestic water heating and space heating
- \$8,400 for each installation of geothermal equipment
- \$10,500 for each installation of any other renewable energy property

Line 4. Enter the lesser of Line 2 or Line 3. **This is the amount of credit for investing in nonbusiness renewable energy property in North Carolina in 2017.**

Part 3. Computation of Credit Amount for Investing in Property Serving a Business Purpose in 2017. *(The information requested for 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 2017. If you invested in renewable energy property at more than one establishment in 2017, complete a separate 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 2017 for a business purpose.

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 2017 for business purposes. The maximum credit is \$5,000,000 for each installation of renewable energy property placed in service at an eco-industrial park and \$2,500,000 for each installation of renewable energy property placed in service at any other location in this State. *(For more information concerning eco-industrial parks, see G.S. 105-129.16A(c)(3)).*

Line 8. Enter the lesser of Line 6 or Line 7. **This is the amount of credit for investing in renewable energy property serving a business purpose in North Carolina in 2017.** The total credit amount for investing in business property in 2017 for **ALL** establishments must also be entered in the Credit History Table. *(See Part 5, 2017 Column, 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 2017.

Part 4. Computation of Amount To Be Taken in 2017. *(The information requested for Part 4 is a cumulative total for all establishments and should be entered only once on the last NC-478G filed.)*

Line 10. Enter the amount of nonbusiness credit for 2017. (From Part 2, Line 4)

Line 11. Enter the 2017 installment amount for investing in property serving a business purpose. (From Part 3, Line 9)

Line 12. Enter the 2016 installment amount for investing in property serving a business purpose. (From 2016 NC-478G, Part 3, Line 9)

Line 13. Enter the 2015 installment amount for investing in property serving a business purpose. (From 2015 NC-478G, Part 3, Line 9)

Line 14. Enter the 2014 installment amount for investing in property serving a business purpose. (From 2014 NC-478G, Part 3, Line 9)

Line 15. Enter the 2013 installment amount for investing in property serving a business purpose. (From 2013 NC-478G, Part 3, Line 9)

Line 16. Enter the portion of nonbusiness credit not taken from previous years or any unused portion of an installment of a business credit not taken from previous years.

Line 17. Add Lines 10 through 17. **This is the amount of credit to take in 2017 for renewable energy property.** (Carry amount to Line 7 of NC-478)

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

Credit Amount In the 2017 column, enter the total credit amount for investing in business property in 2017. (From Part 3, Line 8.) In the 2013 through 2016 columns, enter the total credit amount as calculated on the prior year's NC-478G.

Installments In the 2013 through 2016 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 2017, 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 2017 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 2017, 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 2017 a portion of a current year's installment cannot 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. **Estates and Trusts** 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.