

**NC-478K - Investing in Business Property**

The credit for investing in business property is based upon the enterprise tier of the area in which business property is placed in service and is taken in four equal installments beginning in the tax year following the year in which the business property was placed in service. Any unused portion of the credit may be carried forward for five succeeding years. In addition, in order to claim the credit for investing in business property, you must provide all the eligibility information requested on the Article 3J Supplement.

The following instructions for completing Part 1 through Part 4 of NC-478K 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 4.

**Part 1. Computation of Credit Amount for Investing in Business Property in 2009.** *(The information requested in Part 1 is for a single county at which business property was placed in service during tax year 2009. If business property was placed in service in more than one county in 2009, complete a separate NC-478K for each county.)*

**Line 1.** Enter the county where the business property was placed in service.

**Line 2.** Enter the cost of business property placed in service in North Carolina during 2009. **(Note.** *The information requested on Part 1, Line 2 is the total cost of business property placed in service in North Carolina during the tax year and will be the same on all NC-478Ks filed for tax year 2009.*)

**Line 3.** Enter the cost of business property in service in North Carolina on the last day of 2009. **(Note.** *The information requested on Part 1, Line 3 is the total cost of business property in service in North Carolina during the tax year and will be the same on all NC-478Ks filed for tax year 2009.*)

**Line 4.** Enter the cost of business property in service in North Carolina on the last day of the base year. **(Note.** *The information requested on Part 1, Line 4 is the total cost of business property in service in North Carolina on the last day of the base year and will be the same number on all NC-478Ks filed for tax year 2009.*)

**Line 5.** Subtract Line 4 from Line 3. This is the excess of the cost of all eligible business property on the last day of 2009 over the cost of all eligible business property on the last day of the base year. **(Note.** *The information requested on Part 1, Line 5 is the total excess of cost of all eligible business property on the last day of 2009 over the cost of all eligible business property on the last day of the base year and will be the same number on all NC-478Ks filed for tax year 2009.*)

**Line 6.** Enter the lesser of Line 2 or Line 5. This is the eligible investment amount for investing in business property statewide.

**Line 7.** Enter the amount of Line 6 located in this county but **NOT** in an urban progress zone or agrarian growth zone.

**Line 8.** Enter the threshold amount for the applicable tier:

Tier 1	Tier 2	Tier 3
\$ -0-	\$1,000,000	\$2,000,000

**Line 9.** Subtract Line 8 from Line 7. This is the excess of eligible investment amount for investing in business property over the applicable threshold.

**Line 10.** Multiply Line 9 by the percentage for the applicable tier. This is the credit amount for investing in business property in this county in 2009 **NOT** located in an urban progress zone or agrarian growth zone.

Tier 1	Tier 2	Tier 3
7%	5%	3.5%

**Line 11.** Enter the amount of Line 6 located in this county **AND** in an agrarian growth zone or urban progress zone.

**Line 12.** Multiply Line 11 by 7%.

**Line 13.** Add Line 10 and Line 12. **This is the total credit for investing in business property in this county in 2009.** The total credit amount for investing in business property in 2009 for **ALL** counties must also be entered in the Credit History Table. (See Part 4, 2009 Column, Credit Amount.)

**Line 14.** Divide Line 13 by the number 4. This is the amount of each installment for this county to be taken starting in tax year 2010.

**Part 2. Business Property in Service in North Carolina on the Last Day of the Tax Year.** *(The information requested for Part 2 is a cumulative total for all counties and is entered only once on the last NC-478K filed.)*

Enter the total cost of all eligible business property in service in North Carolina on the last day of the tax year for each year requested. This information is used to determine the base year on Part 1, Line 4.

**Part 3. Computation of Amount To Be Taken in 2009.** *(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 15.** Enter the 2008 installment amount. *(From 2008 NC-478K, Part 1, Line 14.)*

**Line 16.** Enter the 2007 installment amount. *(From 2007 NC-478K, Part 1, Line 14.)*

**Line 17.** Credit may not be taken until 2010.

**Line 18.** Credit may not be taken until 2011.

**Line 19.** Enter the portion of installment amounts not taken for tax year 2007.

**Line 20.** Add Lines 15 through 19. **This is the amount of credit to take in 2009 for investing in business property.** *(Carry amount to Line 6b of NC-478.)*

**Part 4. Business Property Credit History Table.** In the 2009 column, enter the total credit amount for investing in business property in tax year 2009. *(Add Part 1, Line 13 for all counties.)*

**Pass-through Entities.** *S corporations claiming the credit against income tax* complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 14 among the shareholders. Complete Parts 3 and 4 by including the amounts allocated to those nonresident shareholders on whose behalf a

composite return is being filed. **Partnerships** complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 14 among the partners. Complete Parts 3 and 4 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. **Trusts and estates** complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 14 among the fiduciary and the beneficiaries. Complete Parts 3 and 4 by including only the amount allocated to the fiduciary.

