

# Computation of Investment Credit

▶ Attach to your tax return.

Name

Identifying number as shown on page 1 of your tax return

Check the applicable box(es) below to elect the provisions of the specified code section(s):

- A** The corporation elects the basic or basic and matching ESOP percentage under section 48(n)(1)
- B** I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6)
- C** I elect to increase my qualified investment under section 46(d) by all qualified progress expenditures made in the tax year and all subsequent years

**1** Use the format below to list your qualified investment in new or used property acquired or constructed and placed in service during the tax year. Also list (a) qualified progress expenditures made during the tax year and certain prior tax years and (b) qualified rehabilitation expenditures for the year. See the instructions for line 1(a) through 1(j).

If you are claiming 100% investment credit on certain ships, check this block . See instruction K for details.

Note: Include your share of investment in property made by a partnership, estate, trust, small business corporation, or lessor.

Type of property	Line	(1) Life years	(2) Cost or basis (See instruction G)	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
<b>New property</b>	(a)	3 or more but less than 5		33 $\frac{1}{3}$	
	(b)	5 or more but less than 7		66 $\frac{2}{3}$	
	(c)	7 or more		100	
<b>Commuter highway vehicle</b>	(d)	3 or more		100	
<b>Qualified progress expenditures</b>	1974 through 1978	(e)	7 or more	20	
	1979	(f)	7 or more	100	
<b>Used property</b> (See instructions for dollar limits)	(g)	3 or more but less than 5		33 $\frac{1}{3}$	
	(h)	5 or more but less than 7		66 $\frac{2}{3}$	
	(i)	7 or more		100	
<b>Commuter highway vehicle</b>	(j)	3 or more		100	

**2** Qualified investment—Add lines 1(a) through (j) (see instruction M for special limits)

**3** 10% of line 2

**4** 7% (4% for public utility property) of certain property (see instruction Q)

**5** Corporations electing the basic or basic and matching ESOP percentage for contributions to ESOPs—  
 Check election box A above (see instruction I and instruction for line 5)

(a) Basic 1% credit—Enter 1% of line 2

(b) Matching credit (not more than 0.5%)—Enter allowable percentage times adjusted line 2 (attach schedule)

**6** Patron's regular investment credit—Enter credit allocated from cooperative

**7** Total—Add lines 3 through 6

**8** Carryover of unused credit(s)

**9** Carryback of unused credit(s)

**10** Tentative regular investment credit—Add lines 7, 8, and 9

### Tax Liability Limitations

- 11** (a) Individuals—Enter amount from Form 1040, line 37, page 2
- (b) Estates and trusts—Enter amount from Form 1041, line 27, page 1
- (c) Corporations—Enter amount from Schedule J (Form 1120), line 3, page 3

**12** (a) Credit for the elderly (individuals only)

(b) Foreign tax credit

(c) Tax on lump-sum distribution from Form 4972 or Form 5544

(d) Possessions corporation tax credit (corporations only)

(e) Section 72(m)(5) penalty tax (individuals only)

**13** Total—Add lines 12(a) through (e)

**14** Subtract line 13 from line 11

**15** (a) Enter smaller of line 14 or \$25,000. See instruction M for special limits. (Married persons filing separately, controlled corporate groups, estates, and trusts, see instruction for line 15)

(b) If line 14 is more than line 15(a) and you are a 1979 calendar year taxpayer, enter 60% of the excess (if your tax year ends in 1980, enter 70% of the excess). (Public utilities, railroads, and airlines, see instruction J.)

**16** Regular investment credit limitation—Add lines 15(a) and (b)

**17** Allowed regular investment credit—Enter smaller of line 10 or line 16 . . . . .

**Note:** If line 10 exceeds line 16, the excess is an unused regular investment credit. See instruction F.

**18** Nonrefundable business energy investment credit limitation—Subtract line 17 from line 14 . . . . .

**19** Enter nonrefundable business energy investment credit from line 8 of Schedule B (Form 3468) . . . . .

**20** Allowed nonrefundable business energy investment credit—Enter smaller of line 18 or line 19 . . . . .

**Note:** If line 19 exceeds line 18, the excess is an unused nonrefundable business energy investment credit. See instruction F.

**21** Total allowed regular investment credit and nonrefundable business energy investment credit—Add lines 17 and 20. Enter here and on Form 1040, line 41; Schedule J (Form 1120), line 4(b), page 3; or the appropriate line on other returns . . . . .

**Schedule A** If any part of your investment in line 1 or 4 above was made by a partnership, estate, trust, small business corporation, or lessor, complete the following statement and identify property qualifying for the 7% or 10% investment credit.

Name (Partnership, estate, trust, etc.)	Address	Property			Life years
		Progress expenditures	New	Used	
		\$	\$	\$	

(If property is disposed of prior to the life years used in figuring the investment credit, see instruction E.)