

Computation of Investment Credit

▶ Attach to your tax return.

▶ Schedule B (Business Energy Investment Credit) on back.

Name(s) as shown on return

Identifying number

Part I Elections (Check the box(es) below that apply to you (See Instruction D).)

- A** I elect to increase my qualified investment by all qualified progress expenditures (QPE) made this and all later tax years
- Enter total qualified progress expenditures included in column (4), Part II ▶
- B** I claim full credit on certain ships under section 46(g)(3) (See **Instruction B** for details)

Part II Qualified Investment (Certain Transition Property, QPE Property, and Qualified Timber Property)

| 1 Recovery Property | | Line | (1) Class of Property | (2) Cost or Other Basis | (3) Applicable Percentage | (4) Qualified Investment (Column 2 x column 3) |
|--|------------------|------|--------------------------|----------------------------|------------------------------|--|
| Regular Percentage | New Property | (a) | 3-year | | 60 | |
| | | (b) | Other | | 100 | |
| | Used Property | (c) | 3-year | | 60 | |
| | | (d) | Other | | 100 | |
| 2 Nonrecovery property—Enter total qualified investment (See instructions for line 2) | | | | | | 2 |
| 3 Total qualified investment in 10% property —Add lines 1(a) through 1(d), column (4), and line 2 (See instructions for special limits) | | | | | | 3 |
| 4 Regular credit—(See instructions for line 4 for amount to enter) | | | | | | 4 |
| 5 Qualified rehabilitation expenditures (enter qualified investment and multiply by percentage shown): | | | | | | |
| a Transition Property and Certain Projects placed in service after 12-31-86: | | | | | | |
| (i) 30-year-old buildings × 10% | | | | | 5a(i) | |
| (ii) 40-year-old buildings × 13% | | | | | 5a(ii) | |
| (iii) Certified historic structures (attach NPS certificate) × 25% | | | | | 5a(iii) | |
| b Rehabilitation Property (not shown above) placed in service after 12-31-86: | | | | | | |
| (i) Pre-1936 buildings × 10% | | | | | 5b(i) | |
| (ii) Certified historic structures (attach NPS certificate) × 20% | | | | | 5b(ii) | |
| 6 Credit from cooperatives—Enter regular investment credit from cooperatives | | | | | | 6 |
| 7 Business energy investment credit—From line 6 of Schedule B (see back of this form) | | | | | | 7 |
| 8 Current year investment credit—Add line 4 through line 7. | | | | | | 8 |

Note: If you have a 1987 jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), or low-income housing credit (Form 8586) in addition to your 1987 investment credit, or if you have a carryback or carryforward of any general business credit, stop here and go to **Form 3800, General Business Credit**, to claim your 1987 investment credit. If you have only a 1987 investment credit (which may include business energy investment credit), you may continue with lines 9 through 16 to claim your credit.

Part III Tax Liability Limitations

| | | |
|--|---|------------|
| 9a Individuals—From Form 1040, enter amount from line 43 | } | 9 |
| b Corporations—From Form 1120, Schedule J, enter tax from line 3 (or Form 1120-A, Part I, line 1) | | |
| c Other filers—Enter income tax before credits from return | | |
| 10a Individuals—From Form 1040, enter credit from line 44, plus any orphan drug and nonconventional source fuel credits included on line 46 | } | 10 |
| b Corporations—From Form 1120, Schedule J, enter credits from lines 4(a) through 4(d) (Form 1120-A filers, enter zero) | | |
| c Other filers—See instructions for line 10c | | |
| 11 Income tax liability as adjusted (subtract line 10 from line 9) | | 11 |
| 12 Tentative minimum tax— | | |
| a Individuals—From Form 6251, enter amount from line 17 | } | 12 |
| b Corporations—From Form 4626, enter amount from line 19 | | |
| c Estates and Trusts—From Form 8656, enter amount from line 20 | | |
| 13 Excess of income tax liability over tentative minimum tax—Subtract line 12 from line 11 | | 13 |
| 14a Enter smaller of line 11 or \$25,000 (See instructions for line 14) | | 14a |
| b If line 11 is more than \$25,000—Enter 75% of the excess | | 14b |
| 15 Add lines 14a and 14b | | 15 |
| 16 Total allowed credit—Enter the smallest of line 8, line 13, or line 15 (corporations, see instructions)—This is your General Business Credit for 1987. Enter here and on Form 1040, line 45; Form 1120, Schedule J, line 4(e); Form 1120-A, Part I, line 2; or the proper line of other returns | | 16 |

Schedule B.—Business Energy Investment Credit

| 1 Enter on lines 1(a) through 1(e) your qualified investment in business energy property. | | | | | | |
|---|------|---|-------------|--------------|---------------------------------|--|
| Type of Property | Line | (1) Class of Property or Life Years | (2) Code | (3) Basis | (4) Applicable Percentage | (5) Qualified Investment (Column 3 x column 4) |
| Recovery | (a) | 3-year | | | 60 | |
| | (b) | Other | | | 100 | |
| Nonrecovery | (c) | 3 or more but less than 5 | | | 33 1/3 | |
| | (d) | 5 or more but less than 7 | | | 66 2/3 | |
| | (e) | 7 or more | | | 100 | |
| 2 Total qualified investment—Add lines 1(a) through 1(e), column (5) | | | | | 2 | |
| 3 Multiply the portion of the line 2 amount attributable to the following types of property by the applicable percentages: | | | | | | |
| a Solar energy property (12%) | | | | | 3a | |
| b Biomass and geothermal property (10%) | | | | | 3b | |
| c Ocean thermal property (15%) | | | | | 3c | |
| 4 Certain other property (See instructions below for special limits): | | | | | | |
| a Certain long-term section 46(b)(2)(A)(i) projects underway by 12-31-82 (10%) | | | | | 4a | |
| b Hydroelectric generating property placed in service during the year (if docketed with the Federal Energy Regulatory Commission by 12-31-85) (11%) | | | | | 4b | |
| 5 Cooperative credit—Enter business energy investment credit from cooperatives | | | | | 5 | |
| 6 Tentative business energy investment credit—Add lines 3a through 5. Enter here and on line 7 of page 1 | | | | | 6 | |

Instructions for Schedule B (Form 3468)

Energy property must meet the same requirements as regular investment credit property, except that the provisions of sections 48(a)(1) and 48(a)(3) do not apply. See the separate Instructions for Form 3468 for definitions and rules regarding regular investment credit property.

Energy property must be acquired new. See sections 46(b)(2) and 48(l)(1) through (17) for details.

See section 48(l)(17) for special rules on public utility property, and section 48(l)(11) (as amended by the Crude Oil Windfall Profit Tax Act of 1980) for special rules on property financed by Industrial Development Bonds.

Specific Instructions

One Credit Only.—If property qualifies as more than one kind of energy property, you may take only one credit for the property.

Line 1—Type of Property.—For definition of recovery and nonrecovery property, see the separate Instructions for Form 3468.

Line 1—Column (2).—Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. If you enter more than one kind of property on a line, enter the code letter for each kind of property in column (2) and the

code letter and dollar amount of each kind of property in the right hand margin.

The code letters are:

- a. Biomass property
- b. Hydroelectric generating property
- c. Solar equipment (but not passive solar equipment)
- d. Ocean thermal equipment
- e. Geothermal equipment

See sections 48(l)(4) and 48(l)(3)(A)(viii) and (ix) for definitions and special rules that apply to these kinds of property.

Line 4.—The section 48(q)(4) election to take a reduced credit instead of adjusting the basis of the energy property on line 4 is not available for property placed in service after 1985, and you must reduce the basis for depreciation by the full amount of the credit claimed.

If the installed capacity of hydroelectric generating property is more than 25 megawatts, the 11% energy credit is allowed for only part of the qualified investment. See section 48(l)(13)(C).

On the dotted line for line 4b, enter the megawatt capacity of the generator as shown on the nameplate of the generator.

If your tax year begins before and ends after July 1, 1987, the energy credit(s) on lines 4a and 4b must be reduced by a percentage figured from the following formula:

$$35\% \times \frac{\text{number of months in your tax year after June 1987}}{\text{total number of months in your tax year}}$$

Enter the reduced credit on lines 4a and 4b. Although this reduction may not be used in the current year or carried back to a prior year, it may be carried forward to your next tax year under the following rules.

If you are able to use all of the reduced credit in the current year, then none of the reduction may be carried to any other year.

If you are able to use only a portion of the reduced credit in the current year because you are limited by the tax liability limitations, then you may carry forward to your next year the unused portion of the reduced credit and a corresponding portion of the reduction. If, for example, you are able to use half of the reduced credit in 1987, then you may carry forward the other half of the reduced credit and half of the reduction.

If you are not able to use any of the reduced credit because of the tax liability limitations, then you may carry forward to your next year the entire credit (both the reduced credit and the reduction).

For tax years beginning after June 30, 1987, you must reduce the energy credit(s) on lines 4a and 4b by the full 35%. Enter the reduced credit. (This reduction may not be carried to any other year.)