

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:					
(i) 30-year-old buildings x 10%				5a(i)	
(ii) 40-year-old buildings x 13%				5a(ii)	
(iii) Certified historic structures (attach NPS certificate) x 25%				5a(iii)	
b Rehabilitation Property (not shown above):					
(i) Pre-1936 buildings x 10%				5b(i)	
(ii) Certified historic structures (attach NPS certificate) x 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 lines 4 through line 7				8	

Note: If you have a 1988 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 1988 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 1988 investment credit. If you have only a 1988 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 40	}	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 credits from lines 41, 42, and 43, plus any orphan drug credit, mortgage interest credit, and nonconventional source fuel credit included on line 46	}	10	
b Corporations—From Form 1120, Schedule J, enter credits from lines 4a through 4d (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 13			
c Estates and Trusts—From Form 8656, enter amount from Part III, line 10			
13 Net income tax—			
a Individuals—Enter the sum of line 11, above, and line 19 of Form 6251	}	13	
b Corporations—Enter the sum of line 11, above, and line 16 of Form 4626			
c Other filers—See instructions for line 13c			
14 If line 11 is more than \$25,000—Enter 25% of the excess (see Instructions)		14	
15 Enter—Line 13 less whichever is greater, line 12 or line 14. (If the result is less than zero, enter zero.)		15	
16 Total allowed credit—Enter the smaller of line 8 or line 15 (corporations, see instructions)—This is your General Business Credit for 1988. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; 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 (10%)					3a	
b 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)(C) projects under way by 12-31-82 (10%)					4a	
b Hydroelectric generating property placed in service by 12-31-88 (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)

Items You Should Note

The business energy investment credit for solar energy property, geothermal property and ocean thermal property scheduled to expire on December 31, 1988, has been extended until December 31, 1989. See section 46(b)(2)(A) for details.

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) 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.** Hydroelectric generating property
- b.** Solar equipment (but not passive solar equipment)
- c.** Ocean thermal equipment
- d.** 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.—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.

You must reduce the energy credit(s) on lines 4a and 4b by 35%. *Enter the reduced credit on these lines.*

If you 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 35% reduction. If, for example, you are able to use half of the reduced credit in 1988, 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).