

1990



Department of the Treasury
Internal Revenue Service

Instructions for Form 3800

General Business Credit

(Section references are to the Internal Revenue Code unless otherwise noted.)

General Instructions

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 10 hrs., 2 min.
- Learning about the law or the form** 35 min.
- Preparing and sending the form to IRS** 47 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Items You Should Note

- **New disabled access credit** (line 6). The Revenue Reconciliation Act of 1990 revised section 38 to provide for the disabled access credit. New **Form 8826**, Disabled Access Credit, has been developed for figuring the credit. See Form 8826 for details.
 - If you have a carryforward of the regular investment credit or section 46(b)(2)(C) and (D) energy investment credit to 1990, you must reduce that carryforward by 35% before entering it on line 10. This rule does not apply to the portion of the regular investment credit attributable to qualified timber property. See the line 10 instructions.
 - If you have credits from passive activities, see **Form 8810**, Corporate Passive Activity Loss and Credit Limitations (for corporations only), or **Form 8582-CR**, Passive Activity Credit Limitations (for individuals, trusts, and estates), before completing Form 3800.
- Purpose of Form.**—Use this form to summarize the credits that make up the general business credit. The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), credit for increasing research activities (Form 6765), low-income housing credit (Form 8586),

and disabled access credit (Form 8826). If you have more than one of these credits, a carryback or carryforward of any of these credits, or if one of these credits is from a passive activity, you must attach the appropriate credit forms and summarize them here on Form 3800. If you have only one of these credits for 1990, and that credit is not from a passive activity, you do not have to file Form 3800. Instead, use the applicable form to claim the credit. For example, if you have only a 1990 jobs credit, you may use **Form 5884**, Jobs Credit, to claim your credit. You do not have to file Form 3800 in this case.

Carryback and Carryforward of Unused Credit.—If you cannot use part or all of the credit because of the tax liability limitations, you may carry any excess back to each of the 3 preceding tax years, beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the year of the credit. Any “qualified business credits” (as defined in section 196(c)) that are unused after that 15-year carryforward period has expired (or at the time a taxpayer dies or goes out of business) may be taken as a deduction in the first tax year following the expiration of the 15-year carryforward period (or in the tax year in which the taxpayer’s death or cessation of business occurs). For purposes of this special deduction, only half of the following credits may be taken into account: (a) unused investment credit (other than a credit to which section 48(q)(3) applies), and (b) unused credit for increasing research activities.

Note: You cannot carry back the low-income housing credit to years ending before January 1, 1987.

You cannot carry back the disabled access credit to years ending before November 5, 1990.

Change in Marital Status.—Your general business credit is limited to your tax liability. Therefore, if you filed a joint return in a carryback or carryforward year and your marital status has changed, you may need to figure your separate tax liability in that carryback or carryforward year. This would apply, if:

- You filed as single in the credit year, but filed a joint return in the carryforward or carryback year.
- You filed a joint return in the credit year, but filed a joint return with a different spouse in the carryback or carryforward year.
- You were married and filed a separate return in the credit year, but filed a joint

return with the same or a different spouse in the carryback or carryforward year.

Determine your separate tax liability in the carryback or carryover year as follows:

- (1) Figure your tax for the carryback or carryforward year as though you were married filing a separate return.
- (2) Figure your spouse’s tax in that year as though he or she was married filing a separate return.
- (3) Add the amounts in steps (1) and (2).
- (4) Divide the amount in step (1) by the amount in step (3).
- (5) Multiply the decimal in step (4) by the total tax shown on your joint return for the carryback or carryforward year. The result is your separate tax liability and a carryback or carryforward credit is applied against this amount only.

Although your carryback or carryover of the credit is limited to your separate tax liability, your refund may be further limited.

The amount of your refund resulting from the carryback or carryover is limited to your share of the joint overpayment. This is found by subtracting your separate tax liability (as determined above) from your contribution toward the payment.

Unless you have an agreement or clear evidence of each spouse’s contribution toward the payment of the joint liability, your contribution includes the tax withheld on your wages and your share of the joint estimated tax or tax paid with the return. Your share of these payments is found by using the same formula used in determining your separate tax liability. Substitute the joint estimated tax, or tax paid with the return, for the tax in step (5). If the original return for the carryback year resulted in an overpayment, reduce your contribution by your share of the refund.

Attach a copy of the computation to your claim showing how you made the allocations.

Credit Ordering Rule.—Although the investment, jobs, alcohol fuel, research, low-income housing and disabled access credits are aggregated as the general business credit, you should keep separate records of these credits to ensure that no credits or deductions are lost. The general business credits are used in the following order as of the close of the tax year in which the credit is used:

- Regular investment credit
- Business energy investment credit
- Employee plan investment credit carryforward
- Rehabilitation investment credit
- Jobs credit
- Credit for alcohol used as fuel
- Credit for increasing research activities
- Low-income housing credit
- Disabled access credit
- WIN credit carryforward
- Employee stock ownership plan (ESOP) credit carryforward

Specific Instructions

Parts I and II

Line 8.—Enter the amount of any credits included on lines 1 through 6 that are from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are passive activities, whether or not you materially participate. See Form 8582-CR or Form 8810 for more details.

Line 10.—Enter the passive activity credit allowed for 1990 from Form 8582-CR or Form 8810. See the instructions for the applicable form for more information.

Line 11.—All carryforwards of unused investment, jobs, alcohol fuel, credit for increasing research activities, low-income housing, WIN, and ESOP credits are added together and become a business credit carryforward to 1990.

You must reduce the portion of the business credit carryforward attributable to: the section 46(a)(1) regular investment tax credit (other than the portion of the credit attributable to qualified timber property) and the sections 46(b)(2)(C) and (D) business energy investment credit) by 35%. Use the following worksheet to compute the allowable portion and include the reduced credit on line 11.

- 1 Carryforward of applicable section 46(a)(1) regular and sections 46(b)(2)(C) and (D) energy ITC from prior year(s) \$ _____
- 2 Enter 35% of line 1 _____
- 3 Subtract line 2 from line 1
—This is the amount of the applicable regular and energy ITC carryforward you may use. Enter here and include with any other carryforwards on line 11 of Form 3800 \$ _____

If you cannot use all of the reduced credit because line 20 is smaller than line 13, you may carry forward to your next tax year in the carryover period the unused portion of the credit and a corresponding portion of the 35% reduction. If, for example, you are able to use only half of the line 3 credit in 1990, you may carry forward the other half of the credit and half of the 35% reduction.

Line 12.—Use only when you amend your 1990 return in subsequent years to carry back unused credits arising in later years.

Line 18c—Other filers.—Enter the sum of line 16 and your alternative minimum tax, if any.

Line 19.—If a husband and wife file separate returns, each must use \$12,500 instead of \$25,000. But if one of them has no current year credit (or no carryforwards or carrybacks to the current year), then the other may use the entire \$25,000 amount.

If you are a member of a controlled group, enter only your apportioned share of the \$25,000 amount.

For estates and trusts, the \$25,000 limitation is reduced by the same proportionate share of income that was allocated to the beneficiaries.

See section 38(c)(3)(C) and related regulations for limitations on the credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

Line 21.—*Individuals, Estates, or Trusts:* If you are an individual, estate, or trust, the credit for increasing research activities on line 21 is limited to the amount attributable to your interest in the proprietorship, partnership, S corporation, estate or trust generating the credit. Figure the research credit limitation separately for each business enterprise by using the following formula:

$$\begin{array}{l} \text{Taxable income attributable to} \\ \text{your interest in the} \\ \text{unincorporated business,} \\ \text{1065, 1041, or 1120S entity} \\ \text{(Line 18 - Line 19) } \times \text{ } \frac{\text{Your taxable income for}}{\text{the year}} \end{array}$$

When using the formula, the result is limited to 100% of line 18 less line 19. If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business.

If your credit for increasing research activities is limited by the above formula, enter on line 21 the total of the amount calculated above for the credit for increasing research activities plus the general business credit from other sources. Write "Sec. 41(g)" in the margin next to your entry on line 21.

Schedule A

C Corporations: If you are a C corporation (any corporation other than an S corporation), you may be entitled to a larger general business credit or additional credit against the alternative minimum tax if: **(a)** you are claiming investment credit on line 13, page 1; **(b)** some of that investment credit cannot be used because line 20, page 1, is smaller than line 13, page 1; and **(c)** you are required to file **Form 4626, Alternative Minimum Tax—Corporations**. You should complete Schedule A to determine whether you are entitled to this additional credit.

Line 19.—Reduce the amount of Alternative Minimum Tax you report on your corporate income tax return (line 9a, Schedule J, Form 1120; line 6, Part I, Form 1120-A) by the amount on line 19, Schedule A of Form 3800. See the instructions for the appropriate line of your corporate income tax return for details on reporting.

If you are a C corporation that has undergone a post-1986 "ownership change" (as defined in section 382(g)), section 383 may limit the amount of tax that may be offset by pre-change general business credits. If this limitation applies, attach your computation of the allowable general business credit, enter the amount on line 21, page 1, and write "Sec. 383" on the dotted line to the left of line 21, page 1.

*U.S. Government Printing Office: 1990 — 265-319