

# 1992



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.)

### Items To Note

- The Energy Policy Act of 1992 added new sections 30 and 45 that provide for new income tax credits that affect fiscal year filers of Form 3800.

Section 30 provides a credit of 10% of the cost of a qualified electric motor vehicle placed in service after June 30, 1993. While this credit is not part of the general business credit, it reduces the tax liability limitation in Part II. See **Form 8834**, Qualified Electric Vehicle Credit, for details.

Section 45 provides a credit for electricity produced at a qualified facility (owned by the taxpayer and placed in service after 1992) using closed-loop biomass as a qualified energy resource. See **Form 8835**, Renewable Electricity Production Credit, for details. Enter this credit on line 1h. Qualified facilities placed in service after 1993 using wind as the renewable energy resource will qualify for the credit.

- If you have a carryforward to 1992 of the regular investment credit or section 46(b)(2)(C) and (D) energy investment credit (as in effect prior to repeal by the Revenue Reconciliation Act of 1990), you must reduce that carryforward by 35% before entering it on line 5. This rule does not apply to the portion of the regular investment credit attributable to qualified timber property. See the line 5 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

File Form 3800 if you have more than one of the credits listed below that make up the general business credit, have a carryback or carryforward of any of the credits, or if any of the credits are from a passive activity (other than the low-income housing 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), enhanced oil recovery credit

(Form 8830), disabled access credit (Form 8826), and renewable electricity production credit (Form 8835).

If you have only one of these credits, no carryback or carryforward, and the credit is not from a passive activity, you do not have to file Form 3800. Instead, file only the applicable credit form. If you only have a current year low-income housing credit, you do not have to file Form 3800.

### Carryback and Carryforward of Unused Credit

If you cannot use part or all of the credit because of the tax liability limitations, carry any excess back to each of the 3 preceding tax years, beginning with the earliest. If you have an unused credit after carrying it back, carry it 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 as in effect prior to repeal by the Revenue Reconciliation Act of 1990), and **(b)** unused credit for increasing research activities.

**Note:** You cannot carry back: **(1)** the disabled access credit to years ending before November 5, 1990; **(2)** the enhanced oil recovery credit to years beginning before January 1, 1991; or **(3)** the renewable electricity production credit (attributable to closed-loop biomass as a qualified energy resource) to years ending before January 1, 1993.

**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 carryback or carryforward 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 carryforward 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 carryforward 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 carryforward 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 for refund showing how you made the allocations.

**Credit ordering rule.**—Although the investment, jobs, alcohol fuel, research, low-income housing, enhanced oil recovery, disabled access, and renewable electricity production 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
- Rehabilitation investment credit
- Employee plan investment credit carryforward
- Energy investment credit
- Reforestation investment credit
- Jobs credit
- Credit for alcohol used as fuel
- Credit for increasing research activities
- Low-income housing credit
- Enhanced oil recovery credit
- Disabled access credit
- Renewable electricity production credit
- WIN credit carryforward
- Employee stock ownership plan (ESOP) credit carryforward

## Specific Instructions

### Parts I and II

**Line 1.**—Complete the applicable part (generally Part I) of the appropriate credit form(s) to figure your current year credit(s). Enter this amount on the applicable line 1 entry space(s) and attach the credit form(s) to your return.

**Line 2.**—Enter the amount of any credits included on lines 1a through 1h 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 4.**—Enter the passive activity credit allowed for 1992 from Form 8582-CR or Form 8810. See the instructions for the applicable form for more information.

**Line 5.**—All carryforwards of unused investment, jobs, alcohol fuel, credit for increasing research activities, low-income housing, enhanced oil recovery, disabled access, WIN, and ESOP credits are added together and become a business credit carryforward to 1992.

For each credit, attach a detailed computation showing: **(a)** the tax year the credit originated, the amount of the credit, and the amount allowed for that year; **(b)** the year and the amount of the credit allowed after you applied the carryback; and **(c)** for each carryforward year, the year and the amount of the credit allowed after you applied the carryforward.

You must reduce the portion of the business credit carryforward attributable to the section 46(a)(1) regular investment credit and the sections 46(b)(2)(C) and

(D) business energy investment credit (as in effect prior to the repeal of these three sections by the Revenue Reconciliation Act of 1990) by 35% (.35). Use the following worksheet to compute the allowable portion and include the reduced credit on line 5. Do not include any portion of the credit attributable to qualified timber property.

1. Carryforward of applicable section 46(a)(1) regular and sections 46(b)(2)(C) and (D) energy ITC (prior to repeal by the Revenue Reconciliation Act of 1990) from prior year(s) . . . \$ \_\_\_\_\_
2. Enter 35% (.35) of line 1 above . . . \_\_\_\_\_
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 5 of Form 3800 . . . . . \$ \_\_\_\_\_

If you cannot use all of the reduced credit because line 14 is smaller than line 7, carry forward to your next tax year in the carryforward period the unused portion of the credit and a corresponding portion of the 35% (.35) reduction. If, for example, you are able to use only half of the line 3 credit of the worksheet above in 1992, carry forward the other half of the credit and half of the 35% (.35) reduction.

**Line 6.**—Use only when you amend your 1992 return in subsequent years to carry back unused credits arising in later years.

**Line 11.**—Enter the tentative minimum tax (TMT) that was figured on the appropriate alternative minimum tax (AMT) form or schedule. Although you may not owe AMT, you must still compute the TMT to figure your credit.

**Line 13.**—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)(2)(C) and related regulations for limitations on the credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

**Line 15.**—If line 15 is smaller than line 7, see **Carryback and Carryforward of Unused Credit** on page 1.

**Individuals, Estates, or Trusts.**—If you are an individual, estate, or trust, the credit for increasing research activities on line 15 is limited to the amount of tax attributable to your taxable income from

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:

$$\text{(Line 12 - line 13)} \times \frac{\text{Taxable income attributable to your interest in the unincorporated business, 1065, 1041, or 1120S entity}}{\text{Your taxable income for the year}}$$

When using the formula, the result is limited to 100% of line 12 minus line 13. 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 15 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 15.

**Corporations.**—If you are a corporation that has undergone a post-1986 "ownership change" (as defined in section 382(g)), sections 383 and 384 may limit the amount of tax, including the tax on built-in gains, that may be offset by prechange general business credits. If either of these limitations apply, attach your computation of the allowable general business credit, enter the amount on line 15, page 1, and write "Sec. 383" or "Sec. 384" on the dotted line to the left of line 15, page 1.

## Schedule A

**C corporations.**—If you are a C corporation (i.e., 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 a regular investment credit carryforward on line 5, page 1; **(b)** some of that investment credit cannot be used because line 14, page 1, is smaller than line 7, 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 34.**—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 34. See the instructions for the appropriate line of your corporate income tax return for details on reporting.