

Combined Reporting Instructions

2010 Schedule U-IC Instructions

Member's Individual Credits

Schedule U-IC must be filed by every taxable member of a combined group that possesses Massachusetts credits that are being used against either its excise or that of another member of the combined group. The schedule is used to reconcile the total of a member's credits that are being used against the Massachusetts excise due from either the member itself or another member for the current taxable year. An additional schedule, specific to the credit in question, is generally required to support the claim of each particular credit (e.g., Schedule RC in the case of a research credit).

A corporation that is a member of a combined group may be allowed to share a credit that is generated by another member where the credit derives from the unitary business of the combined group, consistent with the requirements and limitations referenced in 830 CMR 63.32B.2(9). Schedule U-IC is used to account for any credits that are so shared. In any case in which a credit is so shared, Schedule U-CS must also be filed and must identify both the member that is using the credit and the "contributing member" whose credit is being used.

Schedule U-IC Header

For each Schedule U-IC filed, enter the name of the member (as stated on its Schedule U-ST) and the member's Federal Identification number. Check one box to indicate whether the financial institution excise, the utility corporation excise or the general business corporation excise applies. S corporations taxable under M.G.L. c. 63, § 2B are considered financial institutions. S corporations taxable under M.G.L. c. 63, § 32D are considered business corporations.

Also enter the name of the principal reporting corporation, the Federal Identification number of the principal reporting corporation and the ending date of the combined group's taxable year.

Line Instructions for Schedule U-IC

Line 1. Enter the amount from Schedule U-ST, line 32.

Line 2. If the member is a business or a manufacturing corporation taxable under G.L. c. 63, § 39 or an S corporation taxable under G.L. c. 63, § 32D, enter the amount of its non-income measure excise on this line. All other corporations enter "0".

Line 3. Enter the amount of any excise reported on Schedule U-ST, line 33.

Line 4. Combine the amounts on lines 1 through 3 above.

Lines 5 and 6. If the corporation participated in a certified project under the Economic Development Incentive Program and was authorized to take tax credits in the current taxable year by the EACC, enter the amount of credits claimed on line 5 and enter the certificate number issued by the EACC on line 6. The corporation must also enclose Schedule EDIP. Do not include any amounts for which the member is claiming a refund (the refundable portion of any credit is shown on Schedule U-RF). **Note EDIP credits are only available for projects certified on or after January 1, 2010. See TIR 10-1.** Credits under M.G.L. c. 38N for projects certified prior to 2010 must be reported on line 7.

Line 7 through 10. Enter the total of each credit generated or previously generated by the member that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include the appropriate schedule for the credit claimed (e.g., Schedule EOAC must be attached if a credit is claimed on line 7), reporting the credit amount available and the credit amount used.

Line 11. A Brownfields credit may be transferred if an application of transfer is approved by the Department of Revenue. If approved, the transferee receives a certificate number that it is to reference in lieu of the submission of a Schedule BC. A taxpayer that claims the credit on line 10 that does not submit schedule BC must enter the certificate number on line 11.

Line 13. If the member is allowing another member to use any of its credits as referenced on line 12, enter the amount of such credits on line 13. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2 (9). An Economic Opportunity Area Credit derived from a tax year beginning prior to January 1, 2009 is subject to a special rule. See 830 CMR 63.32B.2 (9) (c) (2).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the applicable credits. The amount reported on line 13 must not be greater than the amount reported on line 12.

Line 15. If the member is sharing (i.e., being allowed to use) an EDIPC, EOAC, ITC, VPC or BC that was generated by another member, enter the total amount of such credits being used by the member on this line. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2 that list the member as the corporation using these particular credits.

Line 16. Combine lines 14 and 15. The total shall not be more than 50% of the amount on line 4 or, in the case of a business corporation or a financial institution, more than the amount on line 4 minus \$456, whichever is less.

Line 17. Enter the total of the research credit generated or previously generated by the member under M.G.L. c. 63, § 38M that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include Schedule RC, reporting the member's research credit amount available and the credit amount used in connection with the combined report. Do not include amounts for which the member is seeking a refund pursuant to the life sciences tax incentive program (the refundable portion of any credit is shown on Schedule U-RF). Do not include amounts claimed for the Life Sciences research credit under M.G.L. c. 63, § 38W.

Line 18. If the member is allowing another member to use any of its credits as referenced in line 17, enter the amount of such credits on line 18. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2(9). A Research Credit derived from a tax year beginning prior to January 1, 2009 is subject to a special rule. See 830 CMR 63.32B.2 (9) (c) (2).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the research credit. The amount reported on line 18 must not be greater than the amount reported on line 17.

Line 20. If the member is sharing (i.e., being allowed to use) a section 38M credit generated by another member, enter the total amount of such credits being used by this member on line 20. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2, which list the member as the corporation using these credits.

Line 21. Combine lines 19 and 20. If the member is a financial institution or utility corporation, no credits are allowed. A business corporation is required to determine its limitation as applied to this credit under 830 CMR 63.38M.1 (8). In no event shall this latter limitation exceed the lesser of (a) the amount on line 4 minus the total of line 16 and \$456 or (b) 75% of the amount on line 4 plus \$6,250.

Lines 22 through 33. Enter the total of each credit generated or previously generated by the member that is being used by the member or that is being shared with (i.e. used by) another member of the group in the current tax year. Include the appropriate schedule for the credit claimed; reporting the credit amount available and the credit amount used in connection with the combined report (enter certificate numbers for the film incentive credit referenced on line 27 and for the medical device credit referenced on line 29). Do not include any amounts for which the member is seeking a refund, pursuant to either the life sciences tax incentive program or the provisions of M.G.L. c. 63, § 32E (the refundable portion of any credit is shown on Schedule U-RF).

Line 35. If the member is allowing another member to use any of the credits as referenced in line 34, enter the amount of such credits here. In general, a member of the combined group may share a credit that it generated with another member of such group only to the extent that both the credit as generated and the income excise of the second member against which the credit is to be used derive from the same unitary business (or, in the case of an affiliated group election, the activities of the affiliated group.) See 830 CMR 63.32B.2 (9).

The sharing of the credits must be validated by the completion and inclusion of Schedule U-CS with the combined report. The total on this line must match the total of the amounts on all Schedules U-CS, line 2, that are filed by members of the combined group that list the member as the contributing member with respect to the listed credits. The amount reported on line 35 must not be greater than the amount reported on line 34.

Line 37. If the member is sharing (i.e., being allowed to use) one or more listed credits generated by another member, enter the total amount of such credits being used by the member here. The total on this line must match the total of such amounts shared from other members as reported on all Schedules U-CS, line 2, that list the member as the corporation using these credits.

Line 38. Combine lines 36 and 37. In the case of a utility corporation, the amount shall not be more than line 4 minus line 16. In the case of a financial institution the amount shall not be more than the amount on line 4 minus the total of line 16 and \$456. In the case of all other corporations, the amount shall not be more than the amount on line 4 minus the total of lines 16, line 21 and \$456.

Summary

Line 39. Combine the amounts on lines 14, 19, and 36.

Line 40. A corporation that is subject to tax under M.G.L. c. 63, § 32D or § 39 must separately pay the non-income measure excise included in line 2. If the member is subject to the non-income measure excise, enter the total amount of the member's own credits that are being used against such excise on the member's separate return (i.e., on Form 355 or 355S). This amount must not be more than the lesser of the amount stated on line 39 or line 2. A financial institution or utility corporations must enter "0".

Line 41. Subtract line 40 from line 39. Enter this amount on Schedule U-ST, line 35.

Line 42. Enter the total of credits from other members being applied to the income measure of excise on this return. This may not be more than the total of the amounts on lines 15, 20 and 37 and may also not be more than the amount on line 4 minus the total of lines 2 and 41. Enter this amount on Schedule U-ST, line 36.

Line 43. Enter the total of credits from other members being applied to the non-income measure of excise on the member's separate return. This must be the total of the amounts on lines 15, 20

and 37 less the amount on line 42. When completing the member's separate non-income measure return, enter the total of the amounts on lines 40 and 43 in the tax calculation section of Form 355, line 6) or Form 355S, line 9.

Pass-Through Entity Withholding

Line 44. Enter the amount of any withholding tax from pass-through entities. This is the amount of withholding from all Schedules 3K-1, lines 33 and 35 that the corporation may have received. Also enter the Federal Identification number of the pass-through entity which withheld the amount.

Line 45. Enter that portion of the amount withheld which is being applied to excise on the member's separate non-income measure return (Form 355, line 16 or Form 355S, line 19).

Line 46. Subtract the amount on line 45 from the amount on line 44. Enter the result here and on Schedule U-ST, line 39.