

Credit History Table Example

The purpose of the Credit History Table is to provide a means for taxpayers to track both the eligible credit amount available for each tax year and the actual credit taken as an installment. By using the Credit History Table, taxpayers can verify that the amount of credit taken for each installment does not exceed the amount of credit actually available to the taxpayer. The table also provides a means for tracking any unused portion of an installment that can be carried to future years or has expired.

The example below shows how the M & E Credit History Table for 2004 is completed.

1997 Column. In 1997, ABC Corporation was eligible to claim \$7000 of M & E credit. Taxpayer entered \$7000 in the "Eligible Credit Amount" box. Based upon the eligible credit amount, each installment available to ABC Corporation for tax years 1998 through 2004 is \$1000 (\$7000 ÷ 7 years). For tax years 1998 through 2001, ABC Corporation's income tax liability was sufficient to claim 100% of the available installment amount. Taxpayer entered \$1000 in the 1997 column for installments 1, 2, 3, and 4.

In 2002, ABC Corporation was limited to \$980 of its available M&E installment and had \$20 of installment to carry forward to 2003. Taxpayer entered in the 1997 column \$980 for the 5th installment and \$20 in the "Carryforwards to Take in Future" box.

In 2003, ABC Corporation was limited to \$52 of its available M&E installments and carryforwards. Taxpayer used the \$20 carryforward from the 1997 5th installment and \$32 of the 6th installment. Taxpayer entered in the 1997 column \$52 for the 6th installment, \$20 in the "Carryforwards Taken" box, and \$968 in the "Carryforwards to Take in Future" box. The carryforward is calculated as follows:

\$1000 (1997 6th installment available) + \$20 (1997 5th installment carryforward available) - \$52 (amount of credit actually taken in 2003) = \$968.

In 2004, ABC Corporation's income liability was sufficient to claim \$1,700 of available M&E installments plus carryforwards. Taxpayer used the \$968 carryforward from the 1997 6th installment, \$250 from the 2002 1st installment (see the 2002 column below), and \$482 from the 1997 7th installment. Taxpayer entered in the 1997 column \$1450 for the 7th installment, \$968 in the "Carryforwards Taken" box, and \$518 in the "Carryforwards to Take in Future" box.

2002 Column. In 2002, ABC Corporation was eligible to claim \$8750 of M & E credit. Taxpayer entered \$8750 in the "Eligible Credit Amount" box. Based upon the eligible credit amount, each installment available to ABC Corporation for tax years 2003 through 2009 is \$1250 (\$8750 ÷ 7). However, in 2003 ABC Corporation partially disposed of machinery and equipment used to qualify for the M&E credit in 2002, thereby reducing the amount of each future installment available to \$250.

In 2003, ABC Corporation did not have sufficient income tax to be eligible to take the 1st installment of the 2002 M&E Credit. Taxpayer entered in the 2002 column, \$0 for the 1st installment, \$250 in the "Carryforwards to Take in the Future" box, and \$1000 in the "Expired Installments" box. If the taxpayer does not dispose of additional machinery and equipment used to qualify for the 2002 M & E credit, the "Expired Installments" box will increase by \$1000 each year.

In 2004, ABC Corporation was limited to \$250 of its available M&E installment and carryforwards (see the 1997 column above). Taxpayer used \$250 of the carryforward from the 2002 1st installment. Taxpayer entered in the 2002 column \$250 for the 2nd installment, \$250 in the "Carryforwards Taken" box, \$250 in the "Carryforwards to Take in Future" box, and \$2000 in the "Expired Installments" box.

2004 Column. In 2004, ABC Corporation was eligible to claim \$35,000 of M&E credit. Taxpayer entered \$35,000 in the 2004 "Eligible Credit Amount" box. No installments of this credit are available to ABC corporation until tax year 2005.

Part 5. M & E Credit History Table								
Tax Year	1997	1998	1999	2000	2001	2002	2003	2004
Eligible Credit Amount	7000					8750		35000
	<i>Taken in 1998</i>	<i>Taken in 1999</i>	<i>Taken in 2000</i>	<i>Taken in 2001</i>	<i>Taken in 2002</i>	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>
1st	Franchise							
	Income	1000				0		
	<i>Taken in 1999</i>	<i>Taken in 2000</i>	<i>Taken in 2001</i>	<i>Taken in 2002</i>	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>
2nd	Franchise							
	Income	1000				250		
	<i>Taken in 2000</i>	<i>Taken in 2001</i>	<i>Taken in 2002</i>	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>	<i>Taken in 2007</i>
3rd	Franchise							
	Income	1000						
	<i>Taken in 2001</i>	<i>Taken in 2002</i>	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>	<i>Taken in 2007</i>	<i>Taken in 2008</i>
4th	Franchise							
	Income	1000						
	<i>Taken in 2002</i>	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>	<i>Taken in 2007</i>	<i>Taken in 2008</i>	<i>Taken in 2009</i>
5th	Franchise							
	Income	980						
	<i>Taken in 2003</i>	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>	<i>Taken in 2007</i>	<i>Taken in 2008</i>	<i>Taken in 2009</i>	<i>Taken in 2010</i>
6th	Franchise							
	Income	52						
	<i>Taken in 2004</i>	<i>Taken in 2005</i>	<i>Taken in 2006</i>	<i>Taken in 2007</i>	<i>Taken in 2008</i>	<i>Taken in 2009</i>	<i>Taken in 2010</i>	<i>Taken in 2011</i>
7th	Franchise							
	Income	1450						
Carryforwards Taken	968					250		
Carryforwards to Take in Future	518					250		
Expired Installments						2000		