## **Credit History Table Example**

The purpose of the Credit History Table is to provide a means for taxpayers to track both the 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 2008 is completed.

**2001 Column.** In 2001, ABC Corporation was eligible to claim \$7000 of M & E credit. Taxpayer entered \$7000 in the "Credit Amount" box. Based upon the credit amount, each installment available to ABC Corporation for tax years 2002 through 2008 is \$1000 (\$7000  $\div$  7 years). For tax years 2002 through 2005, ABC Corporation's income tax liability was sufficient to claim 100% of the available installment amount. Taxpayer entered \$1000 in the 2001 column for installments 1, 2, 3, and 4.

In 2006, ABC Corporation was limited to \$980 of its available M&E installment and had \$20 of installment to carry forward to 2007. Taxpayer entered in the 2001 column \$980 for the 5th installment and \$20 in the "Carryforwards to Take in Future" box.

In 2007, ABC Corporation was limited to \$52 of its available M&E installments and carryforwards. Taxpayer used the \$20 carryforward from the 2001 5th installment and \$32 of the 6th installment. Taxpayer entered in the 2001 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 (2001 6 th installment available) + \$20 (2001 5 th installment carryforward available) - \$52 (amount of credit actually taken in 2007) = \$968.

In 2008, 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 2001 6th installment, \$250 from the 2006 1st installment (see the 2006 column below), and \$482 from the 2001 7th installment. Taxpayer entered in the 2001 column \$1450 for the 7th installment, \$968 in the "Carryforwards Taken" box, and \$518 in the "Carryforwards to Take in Future" box.

**2006 Column.** In 2006, ABC Corporation was eligible to claim \$8750 of M & E credit. Taxpayer entered \$8750 in the "Credit Amount" box. Based upon the credit amount, each installment available to ABC Corporation for tax years 2007 through 2013 is \$1250 (\$8750  $\div$  7). However, in 2007 ABC Corporation partially disposed of machinery and equipment used to qualify for the M&E credit in 2006, thereby reducing the amount of each future installment available to \$250.

In 2007, ABC Corporation did not have sufficient income tax to take the 1st installment of the 2006 M & E Credit. Taxpayer entered in the 2006 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 2006 M & E credit, the "Expired Installments" box will increase by \$1000 each year.

In 2008, ABC Corporation was limited to \$250 of its available M & E installment and carryforwards (see the 2001 column). Taxpayer used \$250 of the carryforward from the 2006 1st installment. Taxpayer entered in the 2006 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.

**2007 Column.** In 2007, ABC Corporation was eligible to claim \$35,000 of M & E credit by submitting a signed letter of commitment with the Department of Commerce on December 31, 2006. Taxpayer entered \$35,000 in the 2007 "Credit Amount" box. No installments of this credit are available to ABC corporation until tax year 2008.

## **Credit History Table Example**

| Tax Year<br>Credit Amount                           |                          |           | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          | 2007          |
|---|--------------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                          |           | 7000          |               |               |               |               | 8750          | 35000         |
|   |                          |           | Taken in 2002 | Taken in 2003 | Taken in 2004 | Taken in 2005 | Taken in 2006 | Taken in 2007 | Taken in 2008 |
|   | <b>1</b> st              | Franchise |               |               |               |               |               |               |               |
|   | • [                      | Income    | 1000          |               |               |               |               | 0             |               |
|   |                          |           | Taken in 2003 | Taken in 2004 | Taken in 2005 | Taken in 2006 | Taken in 2007 | Taken in 2008 | Taken in 2009 |
|   | 2 nd                     | Franchise |               |               |               |               |               |               |               |
|   |                          | Income    | 1000          |               |               |               |               | 250           |               |
| ij  |                          |           | Taken in 2004 | Taken in 2005 | Taken in 2006 | Taken in 2007 | Taken in 2008 | Taken in 2009 | Taken in 2010 |
| e   | 3 rd                     | Franchise |               |               |               |               |               |               |               |
| Ε   |                          | Income    | 1000          |               |               |               |               |               |               |
| =   |                          |           | Taken in 2005 | Taken in 2006 | Taken in 2007 | Taken in 2008 | Taken in 2009 | Taken in 2010 | Taken in 2011 |
| Sta   | 4 th                     | Franchise |               |               |               |               |               |               |               |
| Installments  | • [                      | Income    | 1000          |               |               |               |               |               |               |
| _   |                          |           | Taken in 2006 | Taken in 2007 | Taken in 2008 | Taken in 2009 | Taken in 2010 | Taken in 2011 | Taken in 2012 |
|   | <b>5</b> th              | Franchise |               |               |               |               |               |               |               |
|   | 3 ···                    | Income    | 980           |               |               |               |               |               |               |
|   |                          |           | Taken in 2007 | Taken in 2008 | Taken in 2009 | Taken in 2010 | Taken in 2011 | Taken in 2012 | Taken in 2013 |
|   | 6 th                     | Franchise |               |               |               |               |               |               |               |
|   | <b>o</b>                 | Income    | 52            |               |               |               |               |               |               |
|   |                          |           | Taken in 2008 | Taken in 2009 | Taken in 2010 | Taken in 2011 | Taken in 2012 | Taken in 2013 | Taken in 2014 |
|   | <b>7</b> th              | Franchise |               |               |               |               |               |               |               |
|   | <b>,</b> j               | Income    | 1450          |               |               |               |               |               |               |
| Carryforwards Taken Carryforwards to Take in Future |                          |           | 968           |               |               |               |               | 250           |               |
|   |                          |           | 518           |               |               |               |               | 250           |               |
|   | in Future<br>red Install |           |               |               |               |               |               | 2000          |               |