Instructions For Handwritten Forms

Guidelines
- Do not use red ink. Use blue or black ink.
- Do not use dollar signs, commas, or other punctuation marks.

Printing
- Set page scaling to “none.” The Auto-Rotate and Center checkbox should be unchecked.
- Do not select “print on both sides of paper.”

Before Sending
- Do not submit photocopies of returns. Submit originals only.
- Do not mix form types.
### Part 1. Franchise Tax Credits Not Subject to 50% of Tax Limit

1. **Short period credit for change in income year**
   
   \[
   \text{Number of Days in Short Period} = \frac{365 - (\text{Number of Days in Short Period})}{365} \times \text{Prior Year’s Franchise Tax Liability}
   \]
   
   ![Image](image.png)

2. **Revitalizing an income-producing historic mill facility** *(Also complete Part 3, Line 17a)*

3. **Revitalizing a nonincome-producing historic mill facility** *(Also complete Part 3, Line 18a)*

4. **Rehabilitating an income-producing historic structure** *(Article 3L)* *(From Form NC-Rehab, Part 4, Line 19)*

5. **Rehabilitating a nonincome-producing historic structure** *(Article 3L)* *(From Form NC-Rehab, Part 4, Line 22)*

6. **Other franchise tax credits not subject to 50% of tax limit**
   
   Fill in applicable circles:
   
   - Investing in recycling facilities
   - Additional annual report fee paid *(LLC subject to franchise tax only)*
   
   ![Image](image.png)

7. **Franchise tax credits not subject to 50% of tax limit carried over from previous years** *(Do not include any carryover of franchise tax credits taken on Form NC-478)*

8. **Total franchise tax credits not subject to 50% of tax limit** *(Add Lines 1 through 7)*

### Part 2. Computation of Franchise Tax Credits Taken in 2019

9. **Total franchise tax due** *(From Form CD-405 or CD-401S, Schedule A, Line 5)*

10. **Nonrefundable franchise tax credits** *(From Part 1, Lines 2 through 7)*

11. **Enter the lesser of Line 9 or 10**

12. **Total franchise tax credits subject to 50% of tax limit taken in 2019** *(From Form NC-478, Part 3)*

13. **Refundable franchise tax credits** *(From Part 1, Line 1)*

14. **Total Franchise Tax Credits Taken in 2019** *(Add Lines 11 through 13, enter the result here and on Form CD-405 or CD-401S, Schedule A, Line 7)*

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*Form CD-425 must be attached to the last page of Form CD-405 or CD-401S if a tax credit is taken. Attach separate schedules to substantiate any credit taken.*
**Part 3. Income Tax Credits Not Subject to 50% of Tax Limit**

(S Corporations enter only the amount of tax credits attributable to nonresidents filing composite on Lines 15 through 21.)

(Enter expenses on Lines 15a and 16a only if the expenses were incurred prior to January 1, 2015, AND tax year 2019 is the first year the tax credit is taken.)

15. **Rehabilitating an income-producing historic structure (Article 3D)**
   a. Enter qualified rehabilitation expenditures  
   b. Enter installment amount of credit

16. **Rehabilitating a nonincome-producing historic structure (Article 3D)**
   a. Enter rehabilitation expenses  
   b. Enter installment amount of credit

(Enter expenses on Lines 17a and 18a only if an application for an eligibility certification was submitted to the State Historic Preservation Office prior to January 1, 2015, AND tax year 2019 is the first year the tax credit is taken.)

17. **Revitalizing an income-producing historic mill facility**
   a. Enter qualified rehabilitation expenditures  
   b. Enter credit amount

18. **Revitalizing a nonincome-producing historic mill facility**
   a. Enter rehabilitation expenses  
   b. Enter installment amount of credit

19. **Rehabilitating an income-producing historic structure (Article 3L)**
   (From Form NC-Rehab, Part 4, Line 19)

20. **Rehabilitating a nonincome-producing historic structure (Article 3L)**
   (From Form NC-Rehab, Part 4, Line 22)

21. **Other income tax credits not subject to 50% of tax limit**
   Fill in applicable circles:
   - Investing in Recycling Facilities
   - Cogeneration Plant

22. **Income tax credits not subject to 50% of tax limit carried over from previous years**
   (Do not include any carryover of income tax credits taken on Form NC-478)

23. **Total income tax credits not subject to 50% of tax limit** (Add Lines 15 through 22)

**Part 4. Computation of Income Tax Credits Taken in 2019**

24. **N.C. net income tax due**
   (From Form CD-405, Schedule B, Line 26 or CD-401S, Schedule B, Line 21)

25. **Nonrefundable income tax credits**
   Enter amount from Line 23

26. **Enter the lesser of Line 24 or 25**

27. **Total income tax credits subject to 50% of tax limit taken in 2019**
   (From Form NC-478, Part 3)

28. **Add Lines 26 and 27**

29. **Income tax credit adjustment (C Corporations only)**
   Multiply Line 28 by 2.5%

30. **Total Income Tax Credits Taken in 2019**
   C Corporations subtract Line 29 from Line 28, enter result here and on Form CD-405, Schedule B, Line 27e. S Corporations with nonresident shareholders filing composite enter the amount on Line 28 here and on Form CD-401S, Schedule B, Line 22e.

Form CD-425 must be attached to the last page of Form CD-405 or CD-401S if a tax credit is taken. Failure to substantiate a tax credit may result in the disallowance of that credit.