

NC-478L - Investing in Real Property

The credit for investing in real property is applicable only to real property placed in service in a development tier one area. Property placed in service in an urban progress zone or an agrarian growth zone is not considered to be placed in service in a tier one area for purposes of this credit. The credit for investing in real property is taken in seven equal installments beginning in the tax year following the year in which the real property was placed in service. Any unused portion of the credit may be carried forward for five succeeding years. In addition, in order to claim the credit for investing in real property, you must provide all the eligibility information requested on the Article 3J Supplement.

The following instructions for completing Part 1 through Part 4 of NC-478L apply to individuals, S corporations claiming the credit against franchise tax, and C corporations. Partnerships, S corporations claiming the credit against income tax, and other pass-through entities, see the specific instructions for pass-through entities located after the instructions for Part 4.

Part 1. Computation of Credit for Investing in Real Property in 2011. *(The information requested for Part 1 is for a single county at which real property was placed in service during tax year 2011. If real property was placed in service in more than one county in 2011, complete a separate NC-478L for each county.)*

Line 1. Enter the Tier 1 county where the real property was placed in service.

Line 2. Enter the cost of real property placed in service in North Carolina during 2011. **(Note.** *The information requested on Part 1, Line 2 is the total cost of real property placed in service in North Carolina during the tax year and will be the same on all NC-478Ls filed for tax year 2011.*)

Line 3. Enter the cost of real property in service in North Carolina on the last day of 2011. **(Note.** *The information requested on Part 1, Line 3 is the total cost of real property in service in North Carolina during the tax year and will be the same on all NC-478Ls filed for tax year 2011.*)

Line 4. Enter the cost of real property in service in North Carolina on the last day of the base year. **(Note.** *The information requested on Part 1, Line 4 is the total cost of real property in service in North Carolina on the last day of the base year and will be the same number on all NC-478Ls filed for tax year 2011.*)

Line 5. Subtract Line 4 from Line 3. This is the excess of the cost of all eligible real property on the last day of 2011 over the cost of all eligible real property in North Carolina on the last day of the base year.

Line 6. Enter the lesser of Line 2 or Line 5. This is the eligible investment amount for investing in real property statewide.

Line 7. Enter the amount of Line 6 located in this county.

Line 8. Enter the percentage of real property used in an eligible business in 2011.

Line 9. Multiply Line 7 by Line 8. This is the eligible investment amount for investing in real property in this county in 2011.

Line 10. Multiply Line 9 by 30%. **This is the amount of credit for investing in real property in this county in 2011.**

Line 11. Divide Line 10 by the number 7. This is the amount of each installment for this county to be taken starting in tax year 2012.

Part 2. Real Property in Service in North Carolina on the Last Day of the Tax Year. *(The information requested for Part 2 is a cumulative total for all counties and is entered only once on the last NC-478L filed.)*

Enter the total cost of all eligible real property in service in North Carolina on the last day of the tax year for each year requested. This information is used to determine the base year on Part 1, Line 4.

Part 3. Computation of Amount To Be Taken in 2011. *(The information requested for Part 3 is a cumulative total for all counties and should be entered only once on the last NC-478L filed.)*

Line 12. Enter the 2010 installment amount.
(From 2010 NC-478L, Part 1, Line 11)

Line 13. Enter the 2009 installment amount.
(From 2009 NC-478L, Part 1, Line 11)

Line 14. Enter the 2008 installment amount.
(From 2008 NC-478L, Part 1, Line 11)

Line 15. Enter the 2007 installment amount.
(From 2007 NC-478L, Part 1, Line 11)

Line 16. Credit may not be taken until 2012.

Line 17. Credit may not be taken until 2013.

Line 18. Credit may not be taken until 2014.

Line 19. Enter the portion of installment amounts not taken for tax years 2007 - 2009.

Line 20. Add Lines 12 through 19. **This is the amount of credit to take in 2011 for investing in real property.** *(Carry amount to Line 14 of NC-478)*

Part 4. Real Property Credit History Table. In the 2011 column, enter the total credit amount for investing in real property in tax year 2011. *(Add Part 1, Line 10 for all counties)*

Pass-through Entities. **S corporations claiming the credit against income tax** complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 11 among the shareholders. Complete Parts 3 and 4 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. **Partnerships** complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 11 among the partners. Complete Parts 3 and 4 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. **Trusts and estates** complete Parts 1 through 4 as one taxpayer, then allocate the amount from Part 1, Line 11 among the fiduciary and the beneficiaries. Complete Parts 3 and 4 by including only the amount allocated to the fiduciary.