NC-478 - Summary of Tax Credits Limited to 50% of Tax

Part 1. Tax Credits Subject to 50% of Tax Limitation. After completing the applicable parts on the NC-478 series forms, enter the “Credit Amount to Take in Tax Year 2012” from each form on the appropriate line in Part 1 of NC-478. Add Lines 1 through 19 and enter the total on Line 20. This is the total amount of tax credits available in 2012 subject to the 50% of tax limitation.

If claiming a credit for use of North Carolina ports, call the State Ports Authority toll-free at 1-800-334-0682 or (910) 343-6414 for further information. If claiming a credit for cigarettes for export, cigarettes for export while increasing employment, substantial investment, development zone projects, small business health insurance, work opportunity, constructing a railroad intermodal facility, biodiesel producers, or donating funds to a nonprofit organization complete and attach a separate schedule showing how you calculated the credit.

Individuals, partnerships, and trusts or estates enter the credits only in the income column because franchise tax is not required for these types of entities. Partnerships enter only the portion of each credit that is allocable to their nonresident partners on whose behalf the managing partner pays the tax. All corporations may elect to claim each credit against franchise or income tax except for the credit for use of North Carolina ports, the credit for manufacturing cigarettes for export, or the credit for manufacturing cigarettes for export while increasing employment. Those three credits may only be claimed against income tax. The credit for technology commercialization (Article 3A), the credit for creating jobs (Article 3J), the credit for investing in real property (Article 3J), and the credit for investing in business property (Article 3J) may be divided between franchise and income tax. The election of which tax the Article 3J credits will be claimed against or what percentage of the credits are applied against each tax is allowed without regard to the original election regarding the division of the credit. However, the election for the credit for technology commercialization under Article 3A is binding for all future installments and carryforwards of that credit.

S corporations enter the total amount of credit being applied against franchise tax. However, S corporations enter in the income column only the portion of each credit that is allocable to the nonresident shareholders on whose behalf a composite return is filed. Insurance companies may claim the credits against the gross premiums tax by entering the total amount of credit in the franchise column.

Part 2. Computation of 50% Limit. Complete Part 2 to determine if the total credits calculated in Part 1 must be reduced because the total credits available in 2012 exceed 50% of the tax due in 2012 less other credits not subject to the 50% of tax limit.