

2006 Recycling Equipment Credit

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090
Form Orders	(602) 542-4260
Recorded Tax Information	
Phoenix	(602) 542-1991
From area codes 520 and 928, toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 and 928, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at www.azdor.gov.

General Instructions

The corporate tax credit (ARS § 43-1164) was previously repealed for corporate taxpayers. Any remaining carryovers of unused credits from taxable years beginning before January 1, 2000, were lost after the taxable year 2005. This affects all corporate taxpayers, including S corporations and corporate partners of a partnership. Because an S corporation no longer qualifies for the credit, an S corporation cannot pass the credit through to its shareholders. A partnership cannot pass the credit through to its corporate partners.

Individuals cannot generate any new credits, because the individual recycling equipment credit was repealed effective for taxable years beginning from and after December 31, 2002. A partnership cannot generate and pass a new credit through to its individual partners. However, individuals can continue to carry the credit forward if the credits were generated in taxable years beginning prior to January 1, 2003.

If the recycling equipment has been in service for less than 5 taxable years and ceases to be recycling equipment or is transferred to another person, the portion of the unused credit carryovers relating to that recycling equipment is lost.

The portion of the total available credit carryover that may be claimed by the individual taxpayer is limited to the *lesser* of 25 percent of the amount of tax entered on Form 301, Part II, line 32 or \$5,000.

Specific Instructions

Complete the name and social security number section at the top of the form. Indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's social security number or an IRS individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part I - Available Credit Carryover

Calculate the total available carryover of the recycling equipment credit on page 1, Part I, lines 1 through 11. Complete these lines if you claimed the credit on a tax return for taxable years beginning before January 1, 2003, and your credit was more than your tax.

Enter the applicable taxable year(s) in column (a) of lines 1 through 10. Enter the original amount of recycling credit available for the taxable year in column (b). Enter the amount of credit previously used in column (c). Subtract column (c) from column (b) and enter the amount of the credit available for carryover in column (d). Add the amounts entered on lines 1 through 10, column (d). Enter the total on line 11, column (d) and on Form 301, Part I, line 5.