

2004 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
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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

CORPORATE TAXPAYERS: Laws 1999, Ch. 318, §§ 8 and 10, repealed the corporate tax credit (ARS § 43-1164), effective for taxable years beginning from and after December 31, 1999. Corporate taxpayers, including S corporations and corporate partners of a partnership, no longer qualify for the recycling equipment credit. Since 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.

However, Laws 1999, Ch. 318, § 9, provides that corporate taxpayers may claim carryovers of unused tax credits from taxable years beginning prior to January 1, 2000, consistent with the provisions of the repealed credit (ARS § 43-1164). The carryovers can be claimed for taxable years beginning on or before December 31, 2005. Corporate taxpayers cannot claim carryovers after taxable year 2005. Any remaining carryovers of unused credits from taxable years beginning before January 1, 2000, are lost after the taxable year 2005.

The carryforward period applies separately for each piece of recycling equipment for which a credit was computed in taxable years beginning before January 1, 2000. 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 corporate taxpayer is limited to the *lesser* of 25 percent of the amount of tax entered on Form 300, Part II, line 28, or \$5,000.

INDIVIDUAL TAXPAYERS: Laws 2003, Ch. 122, §§ 6 and 11, repealed the individual tax credit (ARS § 43-1076), effective for taxable years beginning from and after December 31, 2002. Individual taxpayers, including individual partners of a partnership, no longer qualify for the recycling

equipment credit. A partnership cannot pass the credit through to its individual partners.

However, Laws 2003, Ch. 122, § 10, provides that individual taxpayers may claim carryovers of unused tax credits from taxable years beginning prior to January 1, 2003, to the succeeding 15 taxable years after the unused credit year. The carryforward period applies separately to each piece of equipment for which a credit was computed in taxable years beginning before 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 employer identification/social security number section at the top of the form. Indicate the period covered by the taxable year (in an MM/DD/YYYY format). 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 a corporation or S corporation is the taxpayer's employer identification number. 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 16. Complete these lines if: (a) a corporate taxpayer claimed the credit on a tax return for taxable years beginning before January 1, 2000, and had excess credit; or (b) an individual taxpayer claimed the credit on a tax return for taxable years beginning before January 1, 2003, and had excess credit.

Enter the applicable taxable year(s) in column (a) of lines 1 through 15. 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 6 through 15, column (d). Enter the total on line 16, column (d) and on Form 300, Part I, line 5, or Form 301, Part I, line 5.