

2006

IDAHO BROADBAND EQUIPMENT INVESTMENT CREDIT

FORM 68 EFO00038 9-19-06

For calendar year 2006, or fiscal year beginning ... ending ... Social Security Number or EIN

CREDIT AVAILABLE SUBJECT TO LIMITATION

Table with 11 rows for credit calculation steps: 1. Amount of qualified investments... 2. Credit earned... 3. Pass-through share... 4. Credit received through unitary sharing... 5. Credit received by transfer... 6. Carryover of broadband equipment... 7. Credit recaptured in 2006... 8. Credit distributed to partners... 9. Credit shared with unitary affiliates... 10. Credit transferred to another taxpayer... 11. Total credit available subject to limitations.

CREDIT LIMITATIONS

12. Enter the Idaho income tax from your tax return.

CREDITS CLAIMED ON CURRENT YEAR TAX RETURN If you are claiming the credit for qualifying new employees, complete lines 13 through 19 and skip lines 20 through 23. If you are NOT claiming the credit for qualifying new employees, skip lines 13 through 19 and complete lines 20 through 23.

Table for credit limitations and calculations: 13. Enter your credit for tax paid to other states... 14. Subtract line 13 from line 12... 15. Limitation of tax... 16a-g. Credit for contributions to Idaho educational entities... 16h. Add lines 16a through 16g... 17. Tax available after other credits... 18. Credit allowable subject to limitation of tax... 19. Total credit allowed on current year tax return.

Complete this section if you are NOT claiming the credit for qualifying new employees.

20. a. Credit for tax paid to other states	20a		[Hatched Area]
b. Credit for contributions to Idaho educational entities	20b		
c. Investment tax credit	20c		
d. Credit for contributions to Idaho youth and rehabilitation facilities	20d		
e. Credit for production equipment using postconsumer waste	20e		
f. Promoter sponsored event credit	20f		
g. Credit for Idaho research activities	20g		
h. Add lines 20a through 20g.	20h		
21. Net income tax after other credits. Subtract line 20h from line 12.	21		
22. Credit allowable subject to limitation of tax. Enter the smaller of: a. the amount from line 11 or b. \$750,000	22		
23. Total credit allowed on current year tax return. Enter the smaller amount from line 21 or line 22 here and on Form 44, Part I, line 6.	23		

CREDIT CARRYOVER

24. Total credit available subject to limitations. Enter the amount from line 11.	24	
25. Total credit allowed on current year tax return. Enter the amount from line 19 or line 23.	25	
26. Credit carryover to future years. Subtract line 25 from line 24. Enter the amount here and on Form 44, Part I, line 6.	26	

Instructions for Idaho Form 68

GENERAL INSTRUCTIONS

Form 68 is used to calculate the Idaho broadband equipment investment credit earned or allowed. Each member of a unitary group that earns or is allowed the credit must complete a separate Form 68.

Qualifying Property

You must obtain an order from the Idaho Public Utilities Commission (PUC) confirming that your installed equipment is qualified broadband equipment.

Qualified broadband equipment is equipment that qualifies for the investment tax credit and is capable of transmitting signals at a rate of at least 200,000 bits per second to a subscriber and at least 125,000 bits per second from a subscriber. Also, specific requirements must be met by telecommunications carriers, commercial mobile service carriers, cable or open video system operators, satellite or wireless carriers, packet switching equipment, and multiplexing and demultiplexing equipment. The equipment must be used primarily to provide services to public subscribers in Idaho.

Unitary Sharing

A corporation included as a member of a unitary group of corporations may elect to share the broadband equipment investment credit it earns but does not use with other members of the unitary group. The corporation must claim the broadband equipment investment credit to the extent allowable against its Idaho income tax before it can share the credit.

Transfer of Credit

A taxpayer who earns the broadband equipment investment credit and an intermediary may transfer the credit to another taxpayer. The transferor must submit Form 70, Idaho Statement of Credit Transfer, to the Tax Commission at least 60 days prior to the date of transfer. The Tax Commission will verify the amount of credit available for transfer and the number of carryover years.

The transferee may first claim the transferred credit on his income tax return originally filed during the calendar year in which the transfer takes place. However, the credit may not be claimed on a tax return that begins prior to January 1, 2001.

The transferee must attach a copy of Form 70 to each income tax return in which the credit is claimed or carried over.

Carryover Periods

The credit carryover is limited to 14 tax years. A transferee is entitled to the same carryover period that would have been allowed to the transferor.

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

CREDIT AVAILABLE SUBJECT TO LIMITATION

Line 1. Attach a list of all property you acquired during the tax year for which you are claiming the broadband equipment investment credit. The list should identify each piece of equipment, your basis in the item, and the date placed in service. Do not include any equipment that was disposed of, that ceased to qualify, or that was moved from Idaho before the end of the year.

You must also attach the approval from the Idaho PUC that confirms the installed equipment is qualified broadband equipment.

Line 3. Enter the amount of broadband equipment investment credit that is being passed to you from partnerships, S corporations, estates, or trusts in which you have an interest. Attach a copy of the schedule provided to you.

Line 4. If you are a member of a unitary group of corporations, enter the amount of credit you received from another member of the unitary group.

Line 5. If you received credit as a result of a transfer from another taxpayer, enter the amount of credit you received. Attach a copy of Form 70.

Line 6. From the 2005 Form 68, enter the amount available less the amount allowed, line 10 less line 18 or 22.

Line 8. If you are a partnership, S corporation, estate, or trust, enter the amount of credit that passed through to partners, shareholders, or beneficiaries.

Line 9. If you are a member of a unitary group of corporations, enter the amount of credit you earned that you elect to share with other members of your unitary group. Before you can share your credit, you must use the credit up to the allowable limitation of your Idaho income tax.

Corporations claiming the broadband equipment investment credit must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify shared credit and the computation of any credit carryovers.

Line 10. If you transferred credit to another taxpayer, enter the amount of credit you transferred. You can only transfer credit that you originally earned, unless you are an intermediary.

CREDIT LIMITATIONS

The broadband equipment investment credit is limited to the smaller of \$750,000 or the Idaho income tax after allowing all other tax credits that can be claimed before the broadband equipment investment credit. If you claim the Idaho credit for qualifying new employees, the broadband equipment investment credit and most other credits are limited to 50% of your Idaho income tax.

The following credits must be applied to the tax before the broadband equipment investment credit:

1. Credit for tax paid to other states;
2. Credit for contributions to Idaho educational entities;
3. Investment tax credit;
4. Credit for contributions to Idaho youth and rehabilitation facilities;
5. Credit for production equipment using postconsumer waste;
6. Promoter sponsored event credit;
7. Credit for qualifying new employees; and
8. Credit for Idaho research activities.

If the credit for qualifying new employees is claimed, complete lines 13 through 19 and skip lines 20 through 23. If the credit for qualifying new employees is not claimed, skip lines 13 through 19 and complete lines 20 through 23.

Line 12. Enter the amount of your Idaho income tax. Idaho income tax is the computed tax before adding the permanent building fund tax, any other taxes or subtracting any credits.

Line 13. Enter the credit for tax paid to other states as computed on Form 39R or Form 39NR. This credit is available only to individuals, estates, and trusts.

Line 16a. Enter the credit for contributions to Idaho educational entities as computed on Form 55, Part III, line 6.

Line 16b. Enter the investment tax credit allowed as computed on Form 55, Part III, line 9.

Line 16c. Enter the credit for contributions to Idaho youth and rehabilitation facilities as computed on Form 55, Part III, line 13.

Line 16d. Enter the credit for production equipment using

postconsumer waste as computed on Form 55, Part III, line 17.

Line 16e. Enter the promoter sponsored event credit as computed on Form 55, Part III, line 21.

Line 16f. Enter the allowable credit for qualifying new employees as computed on Form 55, Part III, line 26.

Line 16g. Enter the credit allowed for Idaho research activities as computed on Form 67, line 30.

Line 19. Enter the smaller amount from lines 17 and 18 on line 19. Enter this amount on Form 44, Part I, line 6, in the Credit Allowed column.

Line 20a. Enter the credit for tax paid to other states as computed on Form 39R or Form 39NR. This credit is available only to individuals, estates, and trusts.

Line 20b. Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return.

Line 20c. Enter the investment tax credit allowed as computed on Form 49, Part II, line 8.

Line 20d. Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 20e. Enter the credit for production equipment using postconsumer waste from the appropriate Idaho income tax return.

Line 20f. Enter the promoter sponsored event credit from the appropriate Idaho income tax return.

Line 20g. Enter the credit allowed for Idaho research activities as computed on Form 67, line 34.

Line 23. Enter the smaller amount from lines 21 and 22 on line 23. Enter this amount on Form 44, Part I, line 6, in the Credit Allowed column.

CREDIT CARRYOVER

Line 26. The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 14 tax years. Enter this amount on Form 44, Part I, line 6 in the Carryover column.