

Names as shown on return

Social Security number or EIN

**Part I — Credit Available Subject to Limitation**

		Column A - New	Column B - Used
1. a.	Amount of qualified investments acquired during the tax year. <b>Include a detailed list</b> .....	1a	
b.	Amount of investments you claimed the property tax exemption on. Include applicable Form 49Es .....	1b	
c.	Subtract line 1b from line 1a. This is the amount of qualified investments you can earn the investment tax credit (ITC) on .....	1c	
2. Pass-through share of qualified investments from an S corporation, partnership, trust, or estate:			
a. Pass-through Entity Name		b. Pass-through Entity EIN	
		c. Pass-through Share	
Total column c .....		2	
3.	Total qualified investments. Add lines 1c and 2 (Column B is limited to \$150,000) .....	3	
4.	Amount distributed to shareholders, partners, or beneficiaries .....	4	
5.	Total available qualifying investments. Line 3 minus line 4 .....	5	
6.	Credit earned. Multiply the sum of line 5 Columns A and B by 3% .....	6	
7.	Pass-through credit from ABE .....	7	
8.	Carryover of ITC from prior years. Include Form 49C or other schedule .....	8	
9.	Amount received through unitary sharing. <b>Include a schedule</b> .....	9	
10.	Amount shared with unitary affiliates. <b>Include a schedule</b> .....	10	
11.	Total credit available. Add lines 6 through 9, then subtract line 10 .....	11	

**Part II — Limitation**

1.	Enter the Idaho income tax from your return .....	1	
2.	Credit for income tax paid to other states .....	2	
3.	Idaho income tax after credit for income tax paid to other states. Line 1 minus line 2 .....	3	
4.	Credit for contributions to Idaho educational entities .....	4	
5.	Tax available after credits. Line 3 minus line 4 .....	5	
6.	50% of tax after credit for income tax paid to other states. Multiply line 3 by 50% .....	6	
7.	Investment tax credit available. Enter the amount from Part I, line 11 .....	7	
8.	ABE Investment Tax Credit. Include Form 49ABE .....	8	
9.	Investment tax credit allowed. Enter the smallest amount from lines 5, 6, or 7 plus the amount from line 8 here and on Form 44, Part I, line 1 .....	9	

**General Instructions**

Use Form 49 to calculate the investment tax credit (ITC) earned or allowed. Each member of a unitary group of corporations that earns or is allowed the credit must complete a separate Form 49.

**Qualified Depreciable Property and Nonqualifying property**

Idaho generally follows the definition of qualified property found in the Internal Revenue Code (IRC) sections 46 and 48 as in effect before 1986. The property must have a useful life of three years or more and be property that you're allowed to depreciate or amortize. Qualifying property includes the following property used in a trade or business:

- Tangible personal property – machinery and equipment
- Other tangible property
  - Property used as an integral part of manufacturing, production, extraction, or
  - Furnishing transportation, communications, or utility services, or
  - Research facilities and bulk storage facilities used in connection with those businesses
- Elevators and escalators
- Single-purpose agricultural or horticultural structures
- Qualified timber property
- Petroleum storage facilities
- Qualified broadband equipment as approved by the Idaho Public Utilities Commission

**Nonqualified Property**

Property that doesn't qualify includes:

- Buildings and their structural components
- Property used in lodging facilities that rent 50% or more of their lodging units for periods of 30 days or longer, such as apartment houses or rental homes
- The cost of property expensed under IRC section 179
- Used property not acquired by purchase

- The portion of property used for personal use
- Used property in excess of \$150,000 (total of all properties)
- Horses
- Property not used in Idaho
- Vehicles under 8,000 pounds gross vehicle weight (GVW)
- Property previously used by the same taxpayer or an affiliate of the taxpayer

**Property Used Both In and Outside Idaho**

If property is used both in and outside Idaho, compute the qualified investment for all such property using one of the following methods:

1. Percentage-of-Use Method – Multiply the investment in each asset by a fraction where Idaho use is the numerator and total use is the denominator. Use can be measured by machine hours, mileage, or any other method that accurately reflects the use.
2. Property Factor Numerator Method – Use the amount correctly included in the Idaho property numerator for each asset.

The amount computed in method #2 generally will be the same as that computed in method #1 unless your business uses the Multistate Tax Commission's special-industry regulations to compute its factors.

**Carryover Periods**

Compute the ITC carryover on Form 49C.

- For credit earned in tax years beginning on or after January 1, 2000, the credit carryover is limited to 14 tax years.

For purposes of the carryover period, a short tax year counts as one tax year.

**Election to Claim Two-Year Property Tax Exemption Instead of ITC**

If you placed personal property in service that qualifies for the ITC, you may elect to exempt this property from your property tax. If federal or state law regulates or limits your rate of charge or rate of return, you aren't eligible for the election. The exemption from the property tax is for two years. After the two years, you must pay any applicable property tax. You can't claim the ITC for any property that you elect to exempt from property tax.

The election is available if you had negative Idaho taxable income in the second preceding tax year from the tax year when the property was placed in service. Negative Idaho taxable income must have been computed without any carryover or carryback of net operating losses.

Make the election on Form 49E and file with the operator's statement or personal property declaration. Include a copy of the election form with the original income tax returns for the tax years when the property was placed in service.

### Recapture

Compute recapture if you sell or otherwise dispose of the property, or if it no longer qualifies for the ITC before it's been in service for five full years. File Form 49R if you claimed the ITC. File Form 49ER if you claimed the property tax exemption.

## Specific Instructions

Instructions are for lines not fully explained on the form.

### Part I — Credit Available Subject to Limitation

**Line 1a.** Include a list of all property you acquired and placed in service during the tax year that qualifies for the ITC. The list should identify:

- Each item of property and its location
- Your basis in the item
- Whether the item is new or used, and
- The date placed in service

The basis of qualified property is the Idaho adjusted basis computed without bonus depreciation. Don't include any property you're expensing under IRC section 179.

#### Column A

Enter the amount of qualified new investments placed into service in the current year.

#### Column B

Enter the amount of qualified used investments placed into service in the current year.

**Line 1b.** This exemption is allowed instead of earning the ITC. Include applicable Form 49Es.

#### Column A

Enter the amount of qualified new investments you claimed the property tax exemption on.

### Column B

Enter the amount of qualified used investments you claimed the property tax exemption on.

**Line 2.** Include a list of all ITC that's being passed through by S corporations, partnerships, trusts, or estates that you have an interest in. This amount is reported on Form ID K-1, Part X. Identify each entity by name, EIN, and the share of new and used qualified investments being passed through.

**Line 3.** Used property is limited to \$150,000. If the total qualified used investments is greater than \$150,000, enter \$150,000 in Column B.

**Line 4.** If you're an S corporation, partnership, trust, or estate:

#### Column A

Enter the amount of qualified new investments that passed through to shareholders, partners, or beneficiaries reported on Form ID K-1, Part X, line 59.

#### Column B

Enter the amount of qualified used investments that passed through to shareholders, partners, or beneficiaries reported on Form ID K-1, Part X, line 60.

**Line 7.** Enter the amount of credit passed through from an ABE.

**Line 8.** Enter the ITC carryover from prior years. Compute the amount on Form 49C or on a separate schedule. Include a copy of Form 49C or the schedule. See **General Instructions** for the carryover period allowed.

**Line 9.** If you're a member of a unitary group, enter the amount of credit you received from another member of the unitary group. Include a schedule detailing the entity name, EIN, and amount of ITC received.

**Line 10.** If you're a member of a unitary group, enter the amount of qualifying investments 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 tax liability.

Corporations claiming ITC must provide a detailed schedule showing the name, EIN, and amount of ITC used by each member of the combined

group. The schedule must clearly identify shared investments and the computation of any credit carryovers.

**Part II — Limitation**

The ITC is limited to the smallest of the following:

- 50% of your Idaho income tax after credit for taxes paid to other states
- Tax available after credit for taxes paid to other states and credit for contributions to Idaho educational entities
- ITC available

**Line 1.** Enter the amount of your Idaho income tax. This is the computed tax before adding the permanent building fund tax or any other taxes, or subtracting any credits.

**Line 2.** Enter the credit for income tax paid to other states from Form 39R or Form 39NR. This credit is available only to individuals, trusts, and estates.

**Line 9.** Enter the smallest amount from lines 5, 6, or 7 plus the amount from line 8. Carry this amount to Form 44, Part I, line 1, and enter it in the Credit Allowed column.

**Contact us:**

In the Boise area: (208) 334-7660 | Toll free: (800) 972-7660

Hearing impaired (TDD) (800) 377-3529

[tax.idaho.gov/contact](https://tax.idaho.gov/contact)