

1996 Manufacturers' Investment Credit

3535

Attach to your California tax return.

Name(s) as shown on return

| | | |
|---|---|---|
| Social security, California corporation or entity identification number | Qualified Taxpayer's SIC Code Activity Caution: See instructions. | Federal employer identification number (FEIN) |
|---|---|---|

Part I Credit Computation (See instructions before completing)

Primary Use Code – See General Information G, Definitions

Enter a code letter in column (b) for each item of property. Property must be primarily used for one of these activities:

- A** = Manufacturing **B** = Research and Development **C** = Pollution Control **D** = Used to maintain, repair, measure or test qualified property
E = Recycling **F** = Fabricating **G** = Refining **H** = Processing

1996 (See Specific Line Instructions)

| (a) Description of property | (b) Primary use code | (c) SIC code for property's primary use | (d) Property leased? Y / N | (e) Date placed in service mo./yr. | (f) Amount of California sales or use tax paid | (g) Cost of property — Do not include sales or use tax paid. | (h) Capitalized direct labor costs allocated to property | (i) Total Costs Add col. (g) and col. (h) | (j) Mandatory adjustments See instructions. |
|-----------------------------|----------------------|---|----------------------------|------------------------------------|--|--|--|---|---|
| 1 | ___ | _____ | | | | | | | |
| | ___ | _____ | | | | | | | |
| | ___ | _____ | | | | | | | |
| | ___ | _____ | | | | | | | |

2 Add the amounts in column (i) and column (j) **2**

3 Total 1996 qualified costs. Subtract the amount on line 2, column (j) from line 2, column (i). **3**

4 Multiply line 3 by 6% (.06) **4**

5 Flow-through credit from Schedule K-1 (100S, 541, 565 or 568). See instructions.

| (a) Name of pass-through entity: | (b) Entity identification No., California corp., FEIN, etc. | (c) Amount of flow-through credit |
|----------------------------------|---|-----------------------------------|
| | | |
| | | |

Total flow-through credit. Add the amounts in column (c). **5**

6 Add line 4 and line 5. This is your current year manufacturers' investment credit. **S corporations:** Go to line 7 below. **All others:** Skip line 7, and go to line 8 below **6**

7 S corporations only: Multiply line 6 by 33% (.33). See instructions. **7**

8 Credit carryover from prior years. See instructions **8**

9 Total available credit. **S corporations:** Add line 7 and line 8. **All others:** Add line 6 and line 8 **9**

10 Enter the amount of credit claimed on current year tax return. **Caution:** Your credit may be limited. See instructions **10**

11 Credit carryover available for future years. Subtract line 10 from line 9 **11**

Part II **Credit Use and Carryover Periods** See instructions.

8 Year Carryover Period

| (a) Year | (b) Credit generated in current year | (c) Prior year carryover amount | (d) Amount used in 1996 | (e) Credit carryover to future years |
|---------------|--------------------------------------|---------------------------------|-------------------------|--------------------------------------|
| 1 1994 & 1995 | | | | |
| 2 1996 | | | | |

10 Year Carryover Period (Small businesses only)

| (a) Year | (b) Credit generated in current year | (c) Prior year carryover amount | (d) Amount used in 1996 | (e) Credit carryover to future years |
|---------------|--------------------------------------|---------------------------------|-------------------------|--------------------------------------|
| 3 1994 & 1995 | | | | |
| 4 1996 | | | | |
| 5 Totals | | | | |

Part III **Credit Recapture** See instructions.

| | (a) Property description | (b) Recapture code | (c) Credit recapture |
|---|---|-----------------------|-------------------------|
| 1 | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 2 | Total recapture amount. Add the amounts in column (b). See instructions | | 2 |

Instructions for FTB 3535

Manufacturers' Investment Credit

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993** and the California Revenue and Taxation Code (R&TC).

General Information

A Purpose of Form

Use this form to figure and claim the manufacturers' investment credit. The credit is 6% of the qualified costs paid or incurred by a qualified taxpayer for acquiring, constructing or reconstructing qualified property. Special rules apply in the case of qualified property that is leased. See Section F, Special Rules for Leased Property.

B Introduction

The manufacturers' investment credit is claimed for the year in which qualified property is placed in service in California.

Investments in qualified property made on or after January 1, 1994, can qualify for the manufacturers' investment credit. The qualified property must be placed in service in California and must be used for qualified purposes (generally manufacturing-type or research and development).

For more information on the manufacturers' investment credit get FTB 1113 (Frequently Asked Questions About California's Manufacturers' Investment Credit) and the California Code of Regulations, Title 18, Sections 17053.49-0 through 17053.49-11 for Personal Income Tax Law or Sections 23649-0 through 23649-11 for Bank & Corporation Tax Law.

This credit is not refundable.

C Who is a Qualified Taxpayer

A qualified taxpayer may be an individual, partnership, corporation, limited liability company, estate or trust. A qualified taxpayer must be engaged in at least one line of business that is properly classified as an operating establishment under Division D (SIC Codes 2000 through 3999) of the Standard Industrial Classification Manual, 1987 Edition. A list of the qualified SIC codes is at the end of these instructions, along with the address of where to purchase the manual. You must determine your SIC code(s) according to the rules and methods described in the SIC Manual, 1987 edition. Any SIC code assignment made by any federal, state (other than the California Franchise Tax Board (FTB)), regional or local government agency is not controlling.

Establishment — is an economic unit (as distinguished from subunits such as departments), generally at a single physical location, where business is conducted or where services or manufacturing or other industrial operations are performed.

D What is Qualified Property

Qualified property includes only new or used property that is placed in service in California. Qualified property is either of the following:

1. Tangible personal property that is characterized as depreciable or amortizable under IRC Section 1245(a).
The property must be used by a qualified taxpayer in one of the taxpayer's establishments classified under SIC Codes 2000 through 3999 and used primarily in any of the following activities:
 - Manufacturing, processing, refining, fabricating or recycling;
 - Research and development;
 - Maintaining, repairing, testing or measuring other qualified property; or
 - Pollution control meeting or exceeding established state or local standards.

Primarily means that the qualified property is used 50% or more of the time in a qualified activity.

2. Special purpose buildings and foundations that are constructed or modified by qualified taxpayers engaged in one of the following lines of business:
 - The manufacturing of computer or software equipment (SIC Codes 3571-3579) or electronic components and accessories (SIC Codes 3671-3679);
 - Commercial physical and biological research and development on a contract or fee basis (SIC Code 8731); or
 - The manufacturing, fabricating, or processing of medicinal chemicals and pharmaceutical products (SIC Codes 2833-2836) in a biopharmaceutical activity.
 - The manufacturing of space vehicles and parts (SIC Codes 3761-3769) or space satellites and communications satellites and equipment (SIC Codes 3663 and 3812), but only for property placed in service on or after January 1, 1996.

The special purpose building or foundation must be used by a qualified taxpayer:

- In manufacturing, processing, refining or fabricating; or
- As a research or storage facility used primarily in connection with a manufacturing process.

To be qualified as a special purpose building, the specific machinery and equipment for which the building is designed must also have a special purpose. Accordingly, buildings and foundations which do **not** meet the definition of special purpose buildings and foundations include, but are not limited to, general purpose manufacturing and industrial or commercial buildings. Additionally, research or storage facilities that are used primarily before, after or before and after a manufacturing process are not special purpose buildings.

Property That Does Not Qualify

Qualified property does not include any of the following: furniture, inventory, warehouse facilities used for storage after completion of the manufacturing process, equipment used to store finished products after completion of the manufacturing process, property used in administration, general management or marketing, equipment used in the extraction process, or any vehicle for which the former low-emission vehicle credit has been claimed.

E What are Qualified Costs

1. Qualified costs are costs which satisfy **all** of the following requirements.

Costs must be:

- Paid or incurred on or after January 1, 1994, for the acquisition, construction or reconstruction of qualified property;
- For amounts upon which California sales or use tax has been paid, either directly or indirectly by the taxpayer (except those in 2 below); and
- For amounts properly chargeable to the capital account of the qualified taxpayer (generally depreciable), except in the case of certain operating leases. See General Information F, Special Rules for Leased Property.

2. Qualified costs may also include the value of any capitalized labor that is either directly allocable to the construction or modification of qualified property or is a direct cost for constructing or modifying a special purpose building or foundation.

Costs Under Binding Contracts Entered Into Prior to 1994

If otherwise qualified costs are paid or incurred pursuant to a binding contract entered into before January 1, 1994, the contract cost must be prorated. In this situation, the qualified costs are determined by applying the ratio of costs actually paid (irrespective of the qualified taxpayer's method of tax accounting) prior to January 1, 1994, to the total contract costs actually paid.

For purposes of determining what amounts were actually paid prior to January 1, 1994, any contractual deposits and option payments are treated as amounts paid.

Contract costs allocated to a period prior to January 1, 1994, are not qualified costs for purposes of the manufacturers' investment credit.

Example: On October 1, 1993, H, a qualified taxpayer, executes a contract to purchase five machines and ten computers that are qualified property for a total of \$100 (plus applicable sales tax). Under the terms of the contract, H is required to make a non-refundable \$20 deposit upon execution of the contract and pay the remaining \$80 upon delivery of the

machines and computers. On May 1, 1994, the machines and computers are delivered and H pays the remaining \$80 due under the contract. Under these facts, the \$20 actually paid in 1993 will not be treated as a qualified cost, but the remaining \$80 paid in 1994 is a qualified cost.

Contracts that are replacement or successor contracts to contracts that were binding prior to January 1, 1994, will also be considered binding contracts in existence prior to January 1, 1994. However, if a successor or replacement contract also includes additional costs for constructing, reconstructing or acquiring property not described in the original binding contract, the additional costs may be considered costs paid or incurred on or after January 1, 1994.

A contract will be considered binding even if it is subject to a condition, such as forfeiture or cancellation. However, in the case of an option contract, if the option holder will forfeit an amount less than 10% of the fixed option price in the event the option is not exercised, then the option contract will not be treated as a binding contract under these rules.

F Special Rules for Leased Property

The following rules apply in the case of any qualified property that is leased by a qualified taxpayer:

- The credit is not allowed to the lessor (title-holder) of qualified property, whether or not the lessor is otherwise a qualified taxpayer. Only a lessee-user (renter or purchaser) can qualify.
- Lease agreements are treated as binding contracts for purposes of applying the binding contract allocation rules. See General Information E, What are Qualified Costs.
- Property leased under an operating (true) lease does not have to be chargeable to the qualified taxpayer's capital account, while property leased under a finance (capital) lease must be chargeable to the qualified taxpayer's capital account.
- The credit cannot be claimed for costs paid or incurred by a lessee who pays sales or use tax on the property to the lessor on a periodic basis, such as monthly ("pay-as-you-go" leases).
- Within 45 days after the close of the taxable or income year of the lessee for which the manufacturers' investment credit is allowable, the lessor must provide a statement to the lessee specifying the amount of the lessor's cost upon which sales or use tax has been paid in full by the lessor and the amount eligible for the credit. The lessee must retain a copy of this statement and make it available to the FTB upon request.

Determining Qualified Costs for Leased Property

The credit to be allowed to the lessee-user is computed using the lessor's original cost of

the qualified property, which is generally determined using the rules under General Information E, What are Qualified Costs.

- The credit may only be claimed for the year the qualified property is placed in service.
- The lessor's original cost basis is generally equal to the lessor's cost for depreciation purposes (less any California sales or use tax paid that is included in such cost basis). However, only amounts upon which California sales or use tax has been paid, either directly or indirectly by the lessor, plus any directly allocable capitalized labor costs, qualify for the manufacturers' investment credit and may be included in the lessor's original cost.
- The original cost to the lessor of the qualified property must be reduced by the amount of any original cost used in computing the manufacturers' investment credit by any predecessor lessee in a previous lease of the qualified property. However, this reduction is not required to the extent that a predecessor lessee was required to recapture the manufacturers' investment credit.
- If a lessor acquires qualified property that was previously leased from another lessor in a transaction that is not treated as a sale for California sales or use tax purposes, the original cost to the new lessor for the manufacturers' investment credit purposes must be reduced by the amount of the original cost used in computing the manufacturers' investment credit by any predecessor lessee. Generally, this will result in the new lessor having no original cost for manufacturers' investment credit purposes unless the new lessor elects to pay California sales or use tax on the acquisition.

G Definitions

The following definitions apply for purposes of credit qualification:

Fabricating — to make, build, create, produce or assemble components or property to work in a new or different manner.

Manufacturing — converting or conditioning property by changing its form, composition, quality or character ultimately for retail sale or use in the manufacturing of another product intended for retail sale.

Pollution Control — an activity that results in the abatement, reduction, or control of water, land or air pollution or contamination by removing, altering, disposing, storing or preventing the creation or emission of pollutants, contaminants, wastes or heat, but only to the extent that such activity meets or exceeds local, regional or state standards.

Process — is the period beginning when raw materials are received and introduced into the manufacturing, processing, refining, fabricating, or recycling activity of the qualified taxpayer and ending at the point at which the manufacturing, processing, refining,

fabricating, or recycling activity has altered tangible personal property to its completed form, including packaging, if required.

Processing — the physical application of materials and labor needed to change the characteristics of property.

Recycling — the process of modifying, changing, or altering the physical properties of manufacturing, processing, refining or fabricating secondary or postconsumer waste which results in the reduction, avoidance or elimination of the generation of waste.

Refining — the conversion of a natural resource to an intermediate or finished product.

Research and Development — those activities described in IRC Section 174.

Small Business — any taxpayer that at the end of the taxable or income year in which the credit is allowed for that year, has any one of the following:

- Gross receipts of less than \$50 million;
- Net assets of less than \$50 million; or
- A total manufacturers' investment credit of less than \$1 million.

The determination of whether a taxpayer is a small business shall be made on a separate entity basis, and, in the case of any taxpayer engaged in multiple lines of business or that has multiple establishments, shall be made by aggregating all of the taxpayer's business activities.

H Limitations

The manufacturers' investment credit is not refundable.

The credit will not be allowed for any property for which a sales or use tax exemption or refund has been claimed.

The credit may not reduce the corporate minimum tax (corporations, limited liability companies, limited liability partnerships and limited partnerships), the built-in gains tax (S corporations) or the excess net passive income tax (S corporations).

The credit can reduce net tax below the tentative minimum tax (TMT). However, it cannot reduce the alternative minimum tax (AMT) (corporations, individuals and fiduciaries).

S corporations, may only claim 1/3 of the credit against the 1.5% tax. In addition, 100% of the credit may be passed through to the shareholders.

Taxpayers operating a business establishment in the Los Angeles Revitalization Zone (LARZ) may not claim the LARZ sales or use tax credit and the manufacturers' investment credit for the same property. For additional information regarding the LARZ, get form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary.

The cost basis of the qualified property for depreciation purposes is not reduced by the amount of the credit.

Members of a Unitary or Combined Group.

This credit may not be allocated or otherwise transferred to another taxpayer, even if the other taxpayer(s) is a member of a unitary or combined group or otherwise affiliated with the taxpayer that earned the credit. For example, a subsidiary corporation that generates a manufacturers' investment credit may not allocate the credit to the parent corporation.

I Credit Carryover and Limitation

Any part of the credit exceeding the tax liability in the taxable or income year may generally be carried over for a maximum of eight years. However, if the qualified taxpayer meets the definition of a small business in the year the credit is first allowed, then the credit may be carried over for ten years. In no event may the credit be carried back and applied against prior year's tax.

J Credit Recapture

If qualified property for which the manufacturers' investment credit was allowed is:

- Removed from California;
- Used primarily for a nonqualifying purpose;
- Disposed of to an unrelated party; or
- Acquired by a lessee (or acquired by a party related to the lessee) that is being leased by such lessee

within one year from the date the property is first placed in service in California, the amount of credit previously allowed must be recaptured by adding the credit previously claimed to the qualified taxpayer's tax liability for the taxable or income year in which the recapture event occurs. Any manufacturers' investment credit carryover should first be reduced to the full extent before adding any recaptured credit to the current year tax liability. Any recapture amount remaining after the reduction of the carryover should be added to tax.

Example: On May 1996, within one year of placing qualified property in service in California, K disposes of qualified property for which a \$150 manufacturers' investment credit was previously allowed. K is required to recapture the entire \$150 manufacturers' investment credit. Assume K had \$100 in available manufacturers' investment credit carryovers. K would reduce its available manufacturers' investment credit carryovers to zero and would then increase its tax for 1996 by \$50 (\$150 recapture amount less \$100 used to reduce available manufacturers' investment credit carryovers).

Use Part III to report any credit recapture.

Specific Instructions

Attach additional sheets if you need more space to list your property and figure the credit. All pass-through entities (S corporations, estates or trusts, partnerships or limited liability companies taxed as

partnerships) reporting the credit must file form FTB 3535 with the pass-through entity's return, and a separate form FTB 3535 must be filed with each shareholder's, beneficiary's partner's or member's return claiming pass-through of the credit.

Qualified Taxpayer's SIC Code Activity —

Enter the SIC code of the establishment that qualifies you to take this credit. If your enterprise has more than one establishment, and if more than one of the establishments qualifies you to take this credit, enter the SIC code that best represents the primary qualifying establishment.

Do not enter the Principal Business Activity Code Number from your state or federal return. These are not the same as SIC codes. See General Information C, Who is a Qualified Taxpayer.

Specific Line Instructions

Part I — Credit Computation

Line 1, Column (b) — Primary Use Code —

Enter the letter from those listed that represents the primary activity (used over 50% or more of the time) in which the property was used. The codes are listed under Part I on the form. See General Information G for the definition of the activities.

Line 1, Column (c) — Enter the four digit SIC code for the primary activity in which the property was used. The property's SIC code activity is not necessarily the same as the Qualified Taxpayer's SIC code activity. See the listing of the SIC codes on page 5 and page 6.

Line 1, Column (d) — Enter N if the property was not leased. If the property was leased enter Y and see General Information F, Special Rules for Leased Property.

NOTE: If you are the lessor of the qualified property, you do not qualify for this credit.

Line 1, Column (f) — Enter the amount of California sales or use tax paid. In general, the California sales or use tax must be paid for the costs to be qualified, except for capitalized labor costs.

Line 1, Column (g) — For leased property, the lessee must enter the lessor's original cost less any California sales or use tax paid by the lessor. **Note:** "Pay-as-you-go" leases do not qualify for the manufacturers' investment credit because the lessor has not paid California sales or use tax on the lessor's acquisition of the property. See General Information F for more information.

Line 1, Column (h) — Enter the total amount of direct capitalized labor costs associated with the qualified property. Qualified capitalized labor costs are all direct costs of labor (as defined in IRC Section 263A and regulations thereunder) that can be identified or associated with the construction, modification or installation of qualified property. Indirect labor costs (such as training

costs, officers' compensation, pension costs and employee benefit expenses) that cannot be identified or directly associated with the construction, modification, or installation of specific items of qualified property may not be claimed.

Line 1, Column (j) — Only costs that are properly chargeable to a taxpayer's capital account may be claimed as qualified costs; therefore, appropriate basis adjustments should be made to the cost of the property. Enter the total of the accelerated deductions such as IRC Section 179 deduction and the business expense deduction allowed for enterprise zones, program areas, the Los Angeles Revitalization Zone or Local Agency Military Base Recovery Areas. Also, enter any unrecognized gain resulting from an IRC Section 1031 exchange of this item for the item being replaced.

Line 5 — Enter any flow-through credits received from S corporations, estates or trusts, partnerships or limited liability companies reported to you on Schedule K-1 (100S, 541, 565 or 568).

Line 7 — An S corporation may use the amount reported on this line (1/3 of the credit) to offset the S corporation entity-level tax imposed on S corporations. The S corporation may then pass-through 100% of the credit to its shareholders.

Line 8 — Enter the total available credit carryover from prior years from your 1995 form FTB 3535, Side 2, line 15.

Line 10 — The amount of credit that you may claim on your tax return may be limited. Refer to the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return. Use credit code number **199** to claim this credit.

All pass-through entities, whether generating the credit and/or receiving pass-through credits from entities of which they own an interest, must determine the total credit at the entity level. Once the amount of credit has been determined by the pass-through entity at the entity level, it is then passed-through to the shareholders, beneficiaries, partners or members and claimed on each recipient's individual or entity return.

Note: Except as explicitly described in the paragraph above, the credit may not be allocated to other affiliated entities. For example, if one corporation is entitled to the credit but has no tax liability, it may not allocate the unused credit amount to another member of the same unitary group.

Part II — Credit Use and Carryover Periods

The length of the credit carryover period is determined by whether or not the business meets the definition of a small business at the close of the taxpayers' taxable or income year in which the credit is first allowed. Therefore,

the determination of whether the business meets the definition of a small business in subsequent years (years after the credit carryover is generated) has no bearing on the original determination of the length of the credit carryover period. See General Information G for the definition of a small business. If the business meets the definition of a small business, the credit carryover period is ten years. A business that is not a small business can carry over the credit for eight years.

Line 2, column (b) and line 4, column (b) — Enter the amount from Part I, line 6 or Part I, line 7 on either Part II, line 2 or Part II, line 4, as appropriate.

Part III — Credit Recapture

Any credit amounts previously claimed must be added back to your tax liability if any of the events listed below have occurred within one year of the date the qualified property was placed in service in California. The recapture codes listed to the left of each event that caused recapture of the manufacturers' investment credit should be used to complete Part III, line 1, column (b), for each item of qualified property for which the credit must be recaptured.

| <u>Recapture Code</u> | <u>Event Causing Recapture</u> |
|-----------------------|---|
| 1 | Qualified property is physically moved out of California. |
| 2 | Qualified property is primarily used in a non-qualified activity. (See General Information D, What is Qualified Property, for more information on qualified activities). |
| 3 | Qualified property is sold or otherwise transferred to an unrelated party. |
| 4 | Qualified leased property is acquired by the lessee-user (or party related to the lessee-user) who claimed the manufacturers' investment credit for such leased property prior to acquiring the property. |

Line 1, column (a) — List each item of property that caused recapture.

Line 1, column (b) — Enter the recapture reason code from the list above that corresponds to the event that caused recapture of the manufacturers' investment credit.

Line 1, column (c) — Enter the amount of recapture for each item of property entered on column (a).

Any manufacturers' investment credit carryover should first be reduced to the full extent before adding any recaptured credit to the current year tax liability. Any recapture amount remaining after the reduction of the carryover should be added to tax and reported here (Part III, line 1, column (c)). See the instructions for line 2 below for where to report the recapture amounts on your California tax return.

Line 2, column (c) — Add the amounts in column (c). Enter the total here and on the California tax return as follows:

- Form 100, Side 2, Schedule J;
- Form 100S, Side 2, Schedule J;
- Form 109, Side 4, Schedule K;
- Form 540, line 36;
- Form 541, line 31;
- Form 540NR, line 45;
- Form 565, Schedule K and Schedule K-1, line 22; or
- Form 568, Schedule K, line 20 and Schedule K-1, line 22.

Indicate that you included the manufacturers' investment credit recapture on the tax return by writing "FTB 3535" in the space to the left of the amount on the schedule or form.

Shareholders, partners or members of pass-through entities must recapture the portion of the credit that was previously claimed. The S corporation, partnership or limited liability company must identify the recapture amounts for their shareholders, partners or members. **Note:** For an S corporation, the recapture amount for shareholders will differ from the amount recaptured by the S corporation on Form 100S, Side 2, Schedule J.

Standard Industrial Classification Manual (1987 Edition)

Division D — Manufacturing (Partial Listing)

The SIC Manual is organized using a hierarchical structure, first by division, then by two-digit major groups within each division, then by three-digit industry groups within each major group, and finally by four-digit industry codes within each industry group.

Classification of business activities is based upon establishments, which are defined in the SIC Manual as an economic unit, generally at a single physical location, where business is conducted or where services or industrial operations are performed. A taxpayer's enterprise may consist of more than one establishment. The SIC Manual provides the following examples of establishments: a factory, mill, store, hotel, movie theater, mine, farm, ranch, bank, railroad depot, airline terminal, sales office, warehouse, or central administrative office. Where distinct and separate economic activities are performed at a single physical location (such as construction activities operated out of the same physical location as a lumber yard), each activity should be treated as a separate establishment where: (1) no one industry

description in the SIC Manual includes such combined activities; (2) the employment in each economic activity is significant; and (3) separate reports are prepared on the number of employees, their wages and salaries, sales or receipts, property and equipment, and other types of financial data, such as financial statements, job costing, and profit center accounting.

For purposes of this publication, only four-digit industry codes within Division D (Manufacturing) are listed, since only taxpayers with establishments in those industry codes (SIC Codes 2000-3999) qualify for the manufacturers' investment credit (with a limited exception for special purpose buildings for taxpayers engaged in biotech activities that are classified under SIC Code 8731, in biopharmaceutical only activities that are classified under SIC Codes 2830 through 2836), and the manufacturing of space vehicles and parts (SIC Codes 3761-3769) or space satellites and communications satellites and equipment (SIC Codes 3663 and 3812) on after January 1, 1996.

The complete Standard Industrial Classification Manual, 1987 Edition, is available for purchase from:

NATIONAL TECHNICAL INFORMATION SERVICE, 5285 PORT ROYAL ROAD, SPRINGFIELD VIRGINIA 22161
Order No. PB 87-100012

The four-digit industry codes within Division D of the SIC Manual are: (nec stands for "not elsewhere classified")

| | | | |
|--|---|--|---|
| 3291 Abrasive products | 3578 Calculating & accounting equipment | 2021 Creamery butter | 3523 Farm machinery & equipment |
| 2891 Adhesives & sealants | 2064 Candy & other confectionery pdts | 3466 Crowns & closures | 3965 Fasteners, buttons, needles & pins |
| 2879 Agricultural chemicals, nec | 2062 Cane sugar refining | 3643 Current-carrying wiring devices | 2875 Fertilizers, mixing only |
| 3563 Air & gas compressors | 2033 Canned fruits & vegetables | 2391 Curtains & draperies | 2655 Fiber cans, drums & sim. products |
| 3728 Aircraft parts & equipment, nec | 2091 Canned & cured fish & seafood | 3087 Custom compound purchased resins | 2262 Finishing plants, manmade |
| 3724 Aircraft engines & engine parts | 2032 Canned specialties | 3281 Cut stone & stone products | 2261 Finishing plants, cotton |
| 3721 Aircraft | 2394 Canvas & related products | 3421 Cutlery | 2269 Finishing plants, nec |
| 2812 Alkalies & chlorine | 3955 Carbon paper & inked ribbons | 2865 Cyclic crudes & intermediates | 3211 Flat glass |
| 3354 Aluminum extruded products | 2895 Carbon black | 2034 Dehydrated fruits, vegetables, soups | 2087 Flavoring extracts & syrups, nec |
| 3355 Aluminum rolling & drawing, nec | 3624 Carbon & graphite products | 3843 Dental equipment & supplies | 2041 Flour & other grain mill products |
| 3365 Aluminum foundries | 3592 Carburetors, pistons, rings valves | 2835 Diagnostic substances | 3824 Fluid meters & counting devices |
| 3353 Aluminum sheet, plate & foil | 2273 Carpets & rugs | 2675 Die-cut paper products | 3492 Fluid power valves & hose fittings |
| 3363 Aluminum die-casting | 2823 Cellulosic manmade fiber | 2085 Distilled & blended liquors | 2026 Fluid milk |
| 3483 Ammunition, exc for small arms, nec | 3241 Cement, hydraulic | 2047 Dog & cat food | 3594 Fluid power pumps & motors |
| 3826 Analytical instruments | 3253 Ceramic wall & floor tile | 3942 Dolls & stuffed toys | 3593 Fluid power cylinders & actuators |
| 2077 Animal & marine fats & oils | 2043 Cereal breakfast foods | 2591 Drapery hardware & blinds & shades | 2657 Folding paperboard boxes |
| 2387 Apparel belts | 2022 Cheese, natural & processed | 2023 Dry, condensed, evaporated dairy products | 2099 Food preparations, nec |
| 2389 Apparel & accessories, nec | 2899 Chemical preparations, nec | 2079 Edible fats & oils, nec | 3556 Food products machinery |
| 3446 Architectural metal work | 2067 Chewing gum | 3641 Electric lamps | 3131 Footwear cut stock |
| 3292 Asbestos products | 2131 Chewing & smoking tobacco | 3634 Electric housewares & fans | 3149 Footwear, except rubber, nec |
| 2952 Asphalt felts & coatings | 2066 Chocolate & cocoa products | 3699 Electrical equipment & supplies, nec | 2092 Fresh/frozen prepared fish/seafood |
| 2951 Asphalt paving mixtures & blocks | 2111 Cigarettes | 3629 Electrical industrial apparatus, nec | 2053 Frozen bakery products, except bread |
| 3581 Automatic vending machines | 2121 Cigars | 3845 Electromedical equipment | 2038 Frozen specialties, nec |
| 2396 Automotive & apparel trimmings | 3255 Clay refractories | 3313 Electrometallurgical products | 2037 Frozen fruits & vegetables |
| 3465 Automotive stampings | 2295 Coated fabrics, not rubberized | 3679 Electronic components, nec | 2371 Fur goods |
| 2673 Bags: plastic, laminated & coated | 3316 Cold finishing of steel shapes | 3678 Electronic connectors | 2599 Furniture & fixtures, nec |
| 2674 Bags: uncoated paper & multiwall | 2754 Commercial printing, gravure | 3671 Electron tubes | 3944 Games, toys, & children's vehicles |
| 3562 Ball & roller bearings | 2752 Commercial printing, lithographic | 3675 Electronic capacitors | 3053 Gaskets, packing & sealing devices |
| 2063 Beet sugar | 2759 Commercial printing, nec | 3676 Electronic resistors | 3569 General industrial machinery, nec |
| 2836 Biological products exc. diagnostic | 3582 Commercial laundry equipment | 3677 Electronic coils & transformers | 2369 Girls' & children's outerwear, nec |
| 2782 Blankbooks & looseleaf binders | 3646 Commercial lighting fixtures | 3571 Electronic computers | 2361 Girls' & children's dresses, blouses |
| 3312 Blast furnace & steel mills | 3669 Communication equipment | 3534 Elevators & moving stairways | 3221 Glass containers |
| 3564 Blowers & fans | 3577 Computer peripheral equipment, nec | 3694 Engine electrical equipment | 3321 Gray & ductile iron foundries |
| 3732 Boat building & repairing | 3575 Computer terminals | 2677 Envelopes | 2771 Greeting cards |
| 3452 Bolts, nuts rivets & washers | 3572 Computer storage devices | 3822 Environmental controls | 3761 Guided missiles & parts |
| 2731 Book publishing | 3271 Concrete block & brick | 2892 Explosives | 2861 Gum & wood chemicals |
| 2732 Book printing | 3272 Concrete products, nec | 2381 Fabric dress & work gloves | 3275 Gypsum products |
| 2789 Bookbinding & related work | 3531 Construction machinery | 3499 Fabricated metal products, nec | 3423 Hand & edge tools, nec |
| 2086 Bottled & canned soft drinks | 2679 Converted paper products, nec | 3443 Fabricated plate work (boiler shops) | 3996 Hardsurface floor coverings, nec |
| 2342 Bras, girdles & allied garments | 3535 Conveyors & conveying equipment | 3498 Fabricated pipe & fittings | 2429 Hardware, nec |
| 2051 Bread, cake, & related products | 2052 Cookies & crackers | 3069 Fabricated rubber products, nec | 2426 Hardwood dimensions & flooring mills |
| 3251 Brick & structural clay tile | 3351 Copper rolling & drawing | 3441 Fabricated structural metal | 2435 Hardwood veneer & plywood |
| 2211 Broadwoven fabric mills, cotton | 3366 Copper foundries | 2399 Fabricated textile prdts, nec | 2353 Hats, caps & millinery |
| 2221 Broadwoven fabric mills, manmade | 2298 Cordage & twine | | |
| 2231 Broadwoven fabric mills, wool | 2653 Corrugated & solid fiber boxes | | |
| 3991 Brooms & brushes | 3961 Costume jewelry | | |
| 3995 Burial caskets | 2074 Cottonseed oil | | |

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| 3433 Heating equip, except electric | 2326 Men's & boys' work clothing | 2395 Pleating & stitching | 2678 Stationery products |
| 3536 Hoists, cranes & monorails | 2311 Men's & boys' suits & coats | 3432 Plumbing fixture fittings & trim | 3493 Steel springs, except wire |
| 2252 Hosiery, nec | 2514 Metal household furniture | 2842 Polishes & sanitation goods | 3315 Steel wire & related products |
| 2392 House furnishings, nec | 3549 Metalworking machinery, nec | 3264 Porcelain electrical supplies | 3317 Steel pipe & tubes |
| 3142 House slippers | 3398 Metal heat treating | 2096 Potato chips & similar snacks | 3325 Steel foundries, nec |
| 3651 Household audio & video equipment | 3411 Metal cans | 3269 Pottery products, nec | 3324 Steel investment foundries |
| 3635 Household vacuum cleaners | 3412 Metal barrels, drums & pails | 2015 Poultry slaughtering & processing | 3691 Storage batteries |
| 3631 Household cooking appliances | 3431 Metal sanitary ware | 3568 Power transmission equipment, nec | 3259 Structural clay products, nec |
| 3633 Household laundry equipment | 3497 Metal foil & leaf | 3546 Power-driven handtools | 2439 Structural wood members, nec |
| 3639 Household appliances, nec | 3479 Metal coating & allied services | 3448 Prefabricated metal buildings | 2843 Surface active agents |
| 2519 Household furniture, nec | 3469 Metal stampings, nec | 2452 Prefabricated wood buildings | 3841 Surgical & medical instruments |
| 3632 Household refrigerators & freezers | 3442 Metal door, sash & trim | 2045 Prepared flour mixes & doughs | 3842 Surgical appliances & supplies |
| 2024 Ice cream & frozen desserts | 2431 Millwork | 2048 Prepared feeds, nec | 3613 Switchgear & switchboard apparatus |
| 3491 Industrial valves | 3296 Mineral wool | 3652 Prerecorded records & tapes | 2822 Synthetic rubber |
| 2819 Industrial inorganic chem, nec | 3295 Minerals, ground or treated | 3229 Pressed & blown glass, nec | 3795 Tanks & tank components |
| 3599 Industrial machinery, nec | 3532 Mining machinery | 3399 Primary metal products, nec | 3661 Telephone & telegraph apparatus |
| 2869 Industrial organic chem, nec | 2741 Misc publishing | 3339 Primary nonferrous metals, nec | 3552 Textile machinery |
| 3537 Industrial trucks & tractors | 3449 Misc metal work | 3334 Primary aluminum | 2393 Textile bags |
| 2813 Industrial gases | 3496 Misc fabricated wire products | 3331 Primary copper | 2299 Textile goods, nec |
| 3543 Industrial patterns | 2451 Mobile homes | 3692 Primary batteries, dry & wet | 2284 Thread mills |
| 3567 Industrial furnaces & ovens | 3716 Motor homes | 3672 Printed circuit boards | 2282 Throwing & winding mills |
| 2816 Inorganic pigments | 3711 Motor vehicles & car bodies | 2893 Printing ink | 2296 Tire cord & fabrics |
| 3825 Instruments to measure electricity | 3621 Motor & generators | 3555 Printing trades machinery | 3011 Tires & inner tubes |
| 3519 Internal combustion engines, nec | 3714 Motor vehicle parts & accessories | 3823 Process control instruments | 2141 Tobacco stemming & redrying |
| 3462 Iron & steel forging | 3751 Motorcycles, bicycles & parts | 3231 Products of purchased glass | 2844 Toilet preparations |
| 3915 Jewelers' materials & lapidary work | 3931 Musical instruments | 2531 Public building & related furniture | 3612 Transformers, except electronic |
| 3911 Jewelry, precious metal | 2441 Nailed wood boxes & shoo | 2611 Pulp mills | 3799 Transportation equipment, nec |
| 2253 Knit outerwear mills | 2241 Narrow fabric mills | 3561 Pumps & pumping equipment | 3792 Travel trailers & campers |
| 2254 Knit underwear mills | 2711 Newspapers | 3663 Radio & TV communication equip | 3713 Truck & bus bodies |
| 2259 Knitting mills, nec | 2873 Nitrogenous fertilizers | 3743 Railroad equipment | 3715 Truck trailers |
| 3821 Laboratory apparatus & furniture | 3297 Nonclay refractories | 2061 Raw sugar cane | 3511 Turbines & turbines generator sets |
| 2258 Lace & warp knit fabric mills | 3644 Noncurrent-carrying wiring devices | 3273 Ready-mixed concrete | 2791 Typesetting |
| 3083 Laminated plastic plate & sheet | 3369 Nonferrous foundries, nec | 2493 Reconstituted wood products | 3082 Unsupported plastic profile shapes |
| 3524 Lawn & garden equipment | 3364 Nonferrous die-casting, exc. aluminum | 3585 Refrigeration & heating equipment | 3081 Unsupported plastic film & sheet |
| 3952 Lead pencils & art goods | 3357 Nonferrous wiredrawing & insulating | 3625 Relays & industrial controls | 2512 Upholstered household furniture |
| 3199 Leather goods, nec | 3356 Nonferrous rolling & drawing, nec | 3645 Residential lighting fixtures | 3494 Valves & pipe fittings, nec |
| 2386 Leather & sheep-lined clothing | 3341 Nonferrous metals | 2044 Rice milling | 2076 Vegetable oil mills, nec |
| 3111 Leather tanning & finishing | 3463 Nonferrous forging | 2095 Roasted coffee | 3647 Vehicular lighting equipment |
| 3151 Leather gloves & mittens | 3299 Nonmetallic mineral products, nec | 2384 Robes & dressing gowns | 3261 Vitreous plumbing fixtures |
| 3648 Lighting equipment | 2297 Nonwoven fabrics | 3547 Rolling mill machinery | 3262 Vitreous china table & kitchenware |
| 3274 Lime | 3579 Office machines, nec | 3052 Rubber & plastic hose & belting | 3873 Watches, clocks & parts |
| 2411 Logging | 2522 Office furniture, except wood | 3021 Rubber & plastic footwear | 2385 Waterproof outerwear |
| 2992 Lubricating oils & greases | 3533 Oil & gas field machinery | 2068 Salted & roasted nuts & seeds | 2257 Weft knit fabric mills |
| 3161 Luggage | 3851 Ophthalmic goods | 2656 Sanitary food containers | 3548 Welding apparatus |
| 2098 Macaroni, spaghetti & noodles | 3827 Optical instruments & lenses | 2676 Sanitary paper products | 2046 Wet corn milling |
| 3541 Machine tools, metal cutting types | 3489 Ordnance & accessories, nec | 2013 Sausages & other prepared meats | 2084 Wines, brandy & brandy spirits |
| 3545 Machine tool accessories | 2824 Organic fibers, noncellulosic | 3425 Saw blades & handsaws | 3495 Wire springs |
| 3542 Machine tools, metal forming type | 3565 Packaging machinery | 2421 Sawmills & planing mills, general | 2337 Women's & misses' suits & coats |
| 3695 Magnetic & optical recording media | 2851 Paints & allied products | 3596 Scales & balances, except laboratory | 2335 Women's, juniors' & misses' dresses |
| 3322 Malleable iron foundries | 3554 Paper industries machinery | 2397 Schiffl machine embroideries | 2341 Women's & children's underwear |
| 2083 Malt | 2621 Paper mills | 3451 Screw machine products | 2251 Women's hosiery, except socks |
| 2082 Malt beverages | 2671 Paper coated & laminated, pkging | 3812 Search & navigation equipment | 2339 Women's & misses' outerwear, nec |
| 2761 Manifold business forms | 2672 Paper coated & laminated, nec | 3674 Semiconductors & related devices | 2331 Women's & misses' blouses & shirts |
| 2097 Manufactured ice | 2631 Paperboard mills | 3263 Semivitreous table & kitchenware | 3171 Women's handbags and purses |
| 3999 Manufacturing industries, nec | 2542 Partitions & fixtures, except wood | 3589 Service industry machinery, nec | 3144 Women's footwear, except athletic |
| 3953 Marking devices | 3951 Pens & mechanical pencils | 2652 Setup paperboard boxes | 2491 Wood preserving |
| 2515 Mattresses & bedsprings | 2721 Periodicals | 3444 Sheet metal work | 2499 Wood products, nec |
| 3586 Measuring & dispensing pumps | 3172 Personal leather goods, nec | 3731 Ship building & repairing | 2434 Wood kitchen cabinets |
| 3829 Measuring & controlling devices, nec | 2911 Petroleum refining | 3993 Signs & advertising specialties | 2541 Wood partitions & fixtures |
| 2011 Meat packing plants | 2999 Petroleum & coal products, nec | 3914 Silverware and plate ware | 2521 Wood office furniture |
| 3061 Mechanical rubber goods | 2834 Pharmaceutical preparations | 3484 Small arms | 2517 Wood TV & radio cabinets |
| 2833 Medicinal & botanicals | 2874 Phosphatic fertilizers | 3482 Small arms ammunition | 2449 Wood containers, nec |
| 2325 Men's & boys' trousers & slacks | 3861 Photographic equipment & supplies | 2841 Soap & other detergents | 2511 Wood household furniture |
| 3143 Men's footwear, except athletic | 2035 Pickles, sauces & salad dressing | 2436 Softwood veneer & plywood | 2448 Wood pallets & skids |
| 2323 Men's & boys' neckwear | 3085 Plastic bottles | 2075 Soybean oil mills | 3553 Woodworking machinery |
| 2329 Men's & boys' clothing, nec | 3086 Plastic foam products | 3769 Space vehicle equipment & parts | 3844 X-ray apparatus & tubes |
| 2321 Men's & boys' shirts | 2821 Plastic materials & resins | 3764 Space propulsion units & parts | 2281 Yarn spinning mills |
| 2322 Men's & boys' underwear & nightwear | 3084 Plastic pipe | 2429 Special product sawmills, nec | |
| | 3088 Plastic plumbing fixtures | 3544 Special dies, tools, jigs & fixtures | |
| | 3089 Plastic products, nec | 3559 Special industry machinery, nec | |
| | 2796 Platemaking service | 3566 Speed changers, drives & gears | |
| | 3471 Plating & polishing | 3949 Sporting & athletic goods, nec | |