

1998

Alternative Minimum Tax and Credit Limitations — Corporations

P (100)

Corporation name

California corporation number

Part I Tentative Minimum Tax (TMT) and Alternative Minimum Tax (AMT) Computation

Table with 19 rows and columns for tax computation. Includes sections for Adjustments (2a-2k), Tax preference items (3a-3f), Pre-adjustment alternative minimum taxable income (4a-4b), Adjusted current earnings (ACE) adjustment (5a-5e), and final TMT/AMT calculations (7a-7c, 8-16, 17-19).

Part II Credits that Reduce Tax

1 Regular tax from Form 100, line 23; or Form 109, line 7	1		
2 Tentative minimum tax (before credits) from Part I, line 17 (but not less than the minimum franchise tax, if applicable)	2		

	(a) Credit amount	(b) Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
Section A – Credits that reduce excess regular tax.				
3 Subtract line 2 from line 1. If zero or less enter -0- and see instructions. This is your excess regular tax which may be offset by credits	3			
A1 Credits that reduce excess regular tax and have no carryover provisions.				
4 Code: 162 Prison inmate labor credit	4			
A2 Credits that reduce excess regular tax and have carryover provisions. See instructions.				
5 Code: _____ Credit Name: _____	5			
6 Code: _____ Credit Name: _____	6			
7 Code: _____ Credit Name: _____	7			
8 Code: _____ Credit Name: _____	8			
9 Code: 188 Credit for prior year alternative minimum tax from Part III, line 3	9			
Section B – Credits that may reduce regular tax below tentative minimum tax.				
10 If Part II, line 3 is zero, enter the amount from line 1 minus the minimum franchise tax. If line 3 is more than zero, enter the total of Part II, line 2, minus the minimum franchise tax plus line 9, column (c)	10			
B Credits that reduce net tax and have carryover provisions. See instructions.				
11 Code: _____ Credit Name: _____	11			
12 Code: _____ Credit Name: _____	12			
13 Code: _____ Credit Name: _____	13			
14 Code: _____ Credit Name: _____	14			
Section C – Credits that may reduce alternative minimum tax.				
15 Enter your alternative minimum tax from Side 1, Part I, line 19	15			
16 Code: 180 Solar energy credit carryover from Section B, column (d)	16			
17 Code: 181 Commercial solar energy credit carryover from Section B, column (d)	17			
18 Adjusted AMT. Enter the balance from line 17, column (c) here and on Form 100, line 30; or Form 109, Side 1, line 19	18			

Part III Credit for Prior Year AMT

1 Enter the alternative minimum tax from the 1997 Schedule P (100), Part I, line 19. See instructions	1		
2 Carryover of unused credit for prior year alternative minimum tax. See instructions	2		
3 Total available credit. Add line 1 and line 2. See instructions	3		

Instructions for Schedule P (100)

Alternative Minimum Tax and Credit Limitations — Corporations

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue and Taxation Code (R&TC).

Tax Law Changes

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. California does not conform to the corporate provisions of the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) or the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277).

California law conforms to federal law regarding:

- The removal of the adjusted current earnings (ACE) depreciation adjustment.
- The use of the same depreciation recovery periods for regular tax and alternative minimum tax (AMT).
- The election by small property and casualty insurance companies to be taxed only on their taxable investment income, and to compute the ACE adjustment without regard to all other items of income and expense not included in gross investment income.
- The repeal of the installment method AMT adjustment for farmers. Farmers are allowed to use the installment method of accounting for purposes of AMT for payments received in income years beginning on or after January 1, 1997, for installment sales related to the sale or disposition of farm property made in income years beginning on or after January 1, 1988.
- The treatment of merchant marine capital construction account funds as an adjustment item for AMT.

California does not conform to the following federal AMT provisions:

- AMT is eliminated for small business corporations.
- The contribution deduction in excess of adjusted basis for appreciated property is still a tax preference item for California purposes.

For income years beginning on or after January 1, 1998, the following new credits are available:

- Manufacturing Enhancement Area (MEA) Hiring Credit; and
- Targeted Tax Area (TTA) Hiring & Sales or Use Tax Credit.

The Los Angeles Revitalization Zone Hiring & Sales or Use Tax credit has expired.

General Information

Unless stated otherwise, the term "corporation" as used in Schedule P (100) and in these instructions includes banks, financial corporations, limited liability companies (LLCs) classified as corporations, and exempt organizations other than exempt trusts, but not S corporations.

California tax laws give special treatment to some types of income and allow special deductions and credits for some types of expenses. Corporations that benefit from these laws may have to pay AMT in addition to the minimum franchise tax.

Also use this schedule to figure credits that are limited by the tentative minimum tax (TMT) or that may reduce AMT.

See IRC Sections 55 through 59 for more information on figuring AMT. But note that R&TC Sections 23455, 23456, 23457 and 23459 modify IRC Sections 55 through 59.

Who Must File

Banks and corporations should file Schedule P (100) if the sum of: AMT adjustments; preference items; loss denials; other items as specified under IRC Section 59 and state net income exceeds \$40,000. Exempt organizations, other than exempt trusts with unrelated business income, should file Schedule P

(100) if the sum of: AMT adjustments; preference items; loss denials; items specified under IRC Section 59 and state net unrelated business taxable income exceeds \$40,000. Exempt trusts should use Schedule P (541), Alternative Minimum Tax and Credit Limitations – Fiduciaries.

In addition, if the corporation claims credits that are limited by TMT (Part I, line 17), or if the corporation claims credits that reduce the AMT (Part I, line 19), the corporation must file Schedule P (100).

Members of a Combined Report

Alternative minimum taxable income (AMTI) and ACE are apportioned and allocated to California and to each taxpayer in the same manner as net income for purposes of regular tax. A separate AMT calculation is required for **EACH** member of a combined report. Complete a separate Schedule P(100), Side 1 and Side 2, for **EACH** taxpayer included in the combined report. Attach the Schedule P(100) for each taxpayer member in the combined report **BEHIND** the combined Schedule P(100) for all members. See instructions for Part I, line 4b, line 5a, line 5d, line 7b, line 9 and line 10.

Short Period Return

For a short period return, use the formula in IRC Section 443(d) to determine AMTI and AMT.

Credit for Prior Year AMT

If the corporation paid AMT for 1997 or has a carry-over of credit for prior year AMT and has no AMT liability for 1998, the corporation may use this credit in 1998 to reduce its regular tax liability. Complete Part III to figure this credit.

Specific Line Instructions

Part I — Adjustments

Line 2a — Depreciation of tangible property placed in service after 1986

Do not include depreciation adjustments attributable to a tax shelter farm activity or a passive activity on this line. Instead, include the adjustment on line 2g or line 2h.

Refigure the depreciation as follows: For property other than real property and property on which the straight-line method was used, use the 150% declining balance method, switching to straight-line for the first income year in which that method will give a higher depreciation deduction. Use the same life classes as used on the federal Form 4626, Alternative Minimum Tax — Corporations. For personal property having no asset depreciation range (ADR) class life, use 12 years. For residential rental and nonresidential real property, use the straight-line method over 40 years. Determine the depreciation adjustment by subtracting the recomputed depreciation from the California depreciation on form FTB 3885, Corporation Depreciation and Amortization. Enter the difference on this line.

If the corporation elected to depreciate a grapevine that was replanted in a vineyard as a result of phylloxera or Pierce's Disease infestation over 5 years instead of 20 years for regular tax, it must depreciate the grapevine over 10 years for AMT.

Note: Depreciation that is capitalized to inventory under the uniform capitalization rules must be refigured using the rules described above.

Line 2b — Amortization of certified pollution control facilities placed in service after 1986

For any certified pollution control facility placed in service after 1986, figure the entry for this line in the same manner as line 2a (without reducing the basis by 20% under IRC Section 291(a)(5)), using the straight-line method of depreciation instead of 150% declining balance.

Line 2c — Amortization of mining exploration and development costs incurred after 1987

If the corporation elected the optional 10-year write-off under IRC Section 59(e) for all assets in this category, skip this line.

With respect to each mine or other natural deposit (other than an oil, gas or geothermal well) refigure the expenses (before the 30% reduction under IRC Section 291(b)) by amortizing them over 10 years beginning with the year in which the expenses were paid or incurred. Figure the adjustment by subtracting the refigured amount from the deduction taken under IRC Sections 616(a) or 617(a) after the 30% reduction. Enter the amount on this line. If a loss resulted with respect to those expenses, see IRC Section 56(a)(2)(B).

Line 2d — Basis adjustments in determining gain or loss from sale or exchange of property

If the corporation disposed of property during the year, refigure the gain or loss from such sale taking into account the AMT adjustments on line 2a through line 2c. Enter the difference between the gain or loss reported for regular tax and the recomputed gain or loss. If the recomputed gain is less, or the loss is more, enter the difference as a negative amount. Otherwise, enter a positive amount.

Line 2e — Long-term contracts entered into after February 28, 1986

If the corporation entered into a long-term contract after February 28, 1986, determine the taxable income from the contract under the percentage of completion method of accounting as modified by IRC Section 460(b) and R&TC Section 24673.2 using AMT adjustments and tax preference items.

Determine the difference between that result and the amount determined for the contract in figuring the regular tax, and enter the difference on this line. If the refigured taxable income is less than the result when determining the regular tax, enter the difference as a negative amount.

IRC Section 460(b)(2), to which California has conformed, requires the taxpayer to "look-back" to previous years during which the contract work for certain contracts was in progress and to compute interest on the difference between the tax that was actually paid and the tax that would have been paid if the taxpayer had known the actual contract prices and costs that would finally result.

Get form FTB 3834, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to figure the interest due or to be refunded under the "look-back method."

Line 2f — Installment sales of certain property

For regular tax purposes, corporations may use the installment method of accounting for sales of certain property. For AMT, corporations may not determine income from dispositions of inventory or other property described in IRC Section 1221(1) using the installment method, except for certain dispositions of timeshares or residential lots, if the corporation elected to pay interest under IRC Section 453(l)(2)(B) (R&TC Section 24667).

If the corporation used the installment method for regular tax purposes but was required for AMT purposes to report the entire gain in the year of disposition, the corporation may have adjustments with respect to those dispositions. Enter on this line as a negative amount the current year income the corporation reported for regular tax.

Farmers that received payments for an income year beginning on or after January 1, 1997, for qualified installment sales made in income years beginning on or after January 1, 1988, do not need to make an adjustment on this line.

Line 2g – Tax shelter farm activities (personal service corporations only)

Caution: To avoid duplication, if the corporation included AMT adjustments or tax preference items on this line, do not include them on any other line of this schedule.

Complete this line only if the corporation has a gain or loss from a tax shelter farm activity, as defined in IRC Section 58(a)(2), that is not a passive activity. If the tax shelter farm activity is a passive activity, the corporation must include the gain or loss with its other passive activities on line 2h.

Refigure all gains and losses reported for regular tax purposes from tax shelter farm activities using the AMT adjustments and tax preference items.

Figure the tax shelter farm activity gain or loss for AMT using the same rules the corporation used for regular tax except:

- Do not take any recomputed loss unless the corporation is insolvent. See IRC Section 58(c)(1); and
- Do not offset gains from other tax shelter activities with any recomputed loss.

Instead, suspend and carry over the loss to future income years until:

- The corporation has a gain in a future income year from that same tax shelter farm activity; or
- The corporation disposes of the activity.

Enter on this line the difference between the AMT tax shelter farm loss and the regular tax shelter farm loss.

Line 2h – Passive activities (closely held corporations and personal service corporations only)

Caution: To avoid duplication, if the corporation included AMT adjustments or tax preference items on this line, do not include them on any other line of this schedule.

Corporations may enter two kinds of adjustments on this line:

Regular passive activities. Refigure passive activity gains and losses for AMT by taking into account all AMT adjustments, tax preference items and AMT prior year unallowed losses that apply to the passive activity.

Tax shelter passive farm activities. Refigure any gain or loss from a tax shelter passive farm activity taking into account all AMT adjustments, tax preference items and AMT prior year unallowed losses. If the amount is a gain, it can be included on form FTB 3802, Corporate Passive Activity Loss and Credit Limitations, but if it is a loss, the adjustment for tax shelter passive farm activity is the loss the corporation reported for regular tax. The AMT loss carryover is the refigured AMT loss.

Note: If, at the end of the income year, the corporation's liabilities exceed the fair market value of the corporation's assets (insolvency), increase the passive activity loss allowed by that excess (but not more than the total loss). See IRC Section 58(c)(1).

Line 2i – Certain loss limitations

Refigure the allowable losses from at-risk activities and basis limitations applicable to partnerships, taking into account the AMT adjustments and tax preference items. See IRC Sections 59(h), 465 and 704(d). If the recomputed loss is more than the loss reported for purposes of the regular tax, enter on this line as a negative amount, the difference between the loss reported on the tax return for purposes of the regular tax and the recomputed loss.

Line 2k – Merchant marine capital construction funds

Amounts deposited in these funds are not deductible for AMT. Earnings on these funds are not excludable from gross income for AMT. If the corporation deducted these amounts or excluded them from income for regular tax, add them back on line 2k.

Tax Preference Items

Line 3a – Depletion

In the case of mines, wells and other natural deposits, enter the amount by which the deduction for depletion under IRC Section 611, is more than the adjusted basis of the property at the end of the corporation's income year. Figure the adjusted basis without regard to the depletion deduction and figure the excess separately for each property.

California conformed in 1993 to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. See federal Form 4626, Alternative Minimum Tax, Corporations. However, your California depletion costs may continue to be different from the federal amounts because of prior differences in law and different bases.

See IRC Section 291(a)(2) for reduction in the amount allowable as a deduction in the case of iron ore and coal.

Line 3b – Appreciated property charitable deduction

Contributions deducted in excess of adjusted basis for regular tax purposes (R&TC Section 24357) must be included as a tax preference item.

Refigure the charitable contributions deduction for AMT. Use only income and deductions allowed for AMT purposes when refiguring the limit based on taxable income under IRC Section 170(b)(2). Any AMT carryover of charitable contributions is limited to the cost or other basis for any contribution in excess of adjusted basis.

Line 3c – Intangible drilling costs

If the corporation elected the optional 60-month write-off under IRC Section 59(e) for all property in this category, skip this line.

Enter the amount by which excess intangible drilling costs exceed 65% of net income from oil, gas and geothermal properties.

Figure excess intangible drilling costs as follows: From the intangible drilling and development costs allowable under IRC Sections 263(c) or 291(b) (except costs in drilling a nonproductive well), subtract the amount that would have been allowable if these costs had been capitalized and either amortized over 120 months starting when production began or treated according to an election made under IRC Section 57(b)(2).

Net income from oil, gas and geothermal properties is gross income from them, minus the deductions allocable to them, except for excess intangible drilling costs and nonproductive well costs.

Figure the line 3c amount separately for oil and gas properties that are not geothermal deposits and for oil and gas properties that are geothermal deposits.

Note: California conformed in 1993 to the limited federal repeal of intangible drilling costs preferences for independent producers. California now conforms to the limit on the benefit of the exclusion of the preference for intangible drilling costs of 40% of AMTI. See federal Form 4626 and instructions. Also, note that your intangible drilling costs amounts may differ from federal amounts because of prior differences in the law.

Line 3d – Reserves for losses on bad debts of savings and loan associations, banks and financial corporations

In the case of a savings and loan association, a bank or a financial corporation to which IRC Section 593 applies, enter the excess of the deduction allowable for a reasonable addition to a reserve for bad debts over the amount that would have been allowable had the institution maintained its bad debt reserve for all income years based on actual experience.

Line 3e – Accelerated depreciation of real property placed in service before 1987

Enter on this line, but not less than zero, the difference between the depreciation taken for this property in determining the regular tax and depreciation as refigured using the straight-line method.

Figure this amount separately for each property and include only positive adjustments. Use the straight-line method over the life of the property using the half-year convention and no salvage value.

Line 3f – Amortization of certified pollution control facilities placed in service before 1987

For any certified pollution control facility in California placed in service before 1987 (or before August 1, 1986, if an election was made), figure the amount by which the amortization allowable under IRC Section 169 is more than the depreciation deduction otherwise allowable. Before figuring this tax preference item, reduce the amortizable basis by 20% (15% if the facility was placed in service in 1983 or 1984, 0% if placed in service before 1983), as required under IRC Section 291. Multiply the difference above by 59.6% (71.6% if the facility was placed in service in 1983 or 1984, 100% if placed in service before 1983). Enter only positive amounts.

Line 4b – Apportioned pre-adjustment alternative minimum taxable income (AMTI)

For taxpayers required to apportion their income, pre-adjusted current earnings (ACE) adjusted AMTI is apportioned and allocated to California in the same manner as net income for purposes of the regular tax. This may be done by transferring the amount from line 4a to Schedule R, Apportionment and Allocation of Income, line 1a. Recompute the Schedule R taking into account any AMT adjustments, then transfer the recomputed net income from Schedule R, line 24 to Schedule P (100), line 4b.

For combined reports, each taxpayer's pre-ACE adjusted AMTI is the sum of (1) that corporation's apportioned share of combined business pre-ACE adjusted AMTI and (2) any of that corporation's California source pre-ACE adjusted AMTI. For additional guidance in making these computations, get FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report.

Line 5a – ACE adjustment

If this schedule is for a regulated investment company (RIC) or a real estate investment trust (REIT), skip this line.

The ACE adjustment is the pre-adjustment AMTI from line 4b with additional adjustments. California's ACE adjustment generally follows the federal ACE adjustment rules in IRC Section 56(g). To compute the California ACE, the federal ACE worksheet included in the instructions for the federal Form 4626 can be used by taking into account the modifications of R&TC Sections 23456 (e) and (f), if applicable. For example:

Taxes. Taxes on, according to or measured by income are not deductible from earnings and profits (E&P). Foreign taxes on, according to or measured by income are not deductible even though a foreign tax credit is not taken for federal purposes. Environmental taxes imposed by IRC Section 59A are not deductible from E&P.

Depreciation and amortization. For property placed in service on or after January 1, 1981, and before January 1, 1987, the amount allowable as depreciation or amortization must be determined using the straight-line method for each income year of useful life (determined without regard to R&TC Section 24354.2) that the corporation has held the property.

For property placed in service on or after January 1, 1987, and before January 1, 1990, the amount allowable as depreciation or amortization must be determined by using the state AMTI depreciable basis as of the close of the income year beginning before January 1, 1990, and applying IRC Section 168(g).

Dividends. Dividends deductible for regular California tax purposes are deductible from E&P.

The provision of IRC Section 56(g)(4)(C)(ii), for 100% dividend, does not apply.

The provisions of IRC Sections 56(g)(4)(C)(iii) and (iv), for dividends from IRC Section 936 companies

and certain dividends received by certain cooperatives, do not apply.

Certain amortization provisions. IRC Section 56(g)(4)(D)(ii) was modified to specify that circulation expenditures under R&TC Section 24364 and organizational expenditures under R&TC Section 24407 do not apply to expenditures paid or incurred in income years beginning on or after January 1, 1990, for E&P calculations.

Interest income. For entities not subject to the minimum franchise tax, interest income included in E&P must not exceed the amount of interest income included for regular tax purposes.

Appropriate adjustments must be made to limit deductions from ACE for interest expense in accordance with the provisions of R&TC Sections 24344 and 24425.

Apportioning taxpayers and members of a combined report. ACE is apportioned and allocated to California in the same manner as net income for purposes of the regular tax and AMTI (FTB Legal Ruling 94-3). The method described in the instructions for line 4b may be used to compute the California ACE.

Line 5d – Excess of AMTI increases over AMTI reductions from prior year ACE adjustments

For combined reports, each taxpayer corporation enters the excess of its prior year positive California ACE adjustments over its prior year negative California ACE adjustments.

Line 7a

If a disaster loss carryover is claimed in 1998, enter the amount on this line.

Line 7b – AMT net operating loss (NOL) deduction.

The AMT net operating loss is the NOL determined for regular tax except:

1. For any income year beginning before 1988, reduce the NOL amount by any preference items attributable to the deferred tax that has not been paid;
2. In the case of a loss year beginning after 1987, the NOL determined for regular tax for such year must be:
 - (a) Reduced by the positive AMT adjustments and increased by the negative AMT adjustments; and
 - (b) Reduced by the tax preference items (but only to the extent they increased the NOL as determined for regular tax);
3. Reduce the AMT NOL by any expired losses; and
4. The AMT NOL may not offset more than 90% of the AMTI, Part I, line 6.

Enter on line 7b the smaller of the AMT NOL or 90% of the amount on line 6.

Taxpayers that are members of a unitary group filing a combined report must separately compute the NOL carryover and application of the NOL carryover for each corporation in the group (R&TC Section 25108).

Taxpayers who have made a water's-edge election must recompute the NOL carryover to include only those NOLs carried over from affiliated banks and corporations in the current year's water's-edge group.

The amount carried over for AMT is likely to differ from the amount (if any) that is carried over for regular tax; therefore, it is essential that the corporation retain adequate records for both AMT and regular tax.

If you had a loss from business activity within an enterprise zone, the Los Angeles Revitalization Zone (LARZ) or the Local Agency Military Base Recovery Area (LAMBRA), get FTB 3805Z, Enterprise Zone Business Booklet; FTB 3806, Los Angeles Revitalization Zone (LARZ) Booklet; or FTB 3807, Local Agency Military Base Recovery Area (LAMBRA) Booklet.

Line 9 and Line 10

The \$40,000 exemption and the \$150,000 limitation apply to each bank or corporation included in the combined report that has a filing requirement in California, to the extent that each bank or corporation has AMTI.

Line 16 – Banks and financial corporations

Corporations with negative or zero taxable income on Form 100, line 22, enter -0-.

Line 18 – Regular tax before credits

For installment obligations subject to IRC Sections 453 (l)(2)(B) (Timeshares and Residential Lots) and 453A (Nondealer dispositions greater than \$150,000), do not include tax increases for interest on the deferred tax liability.

Line 19 – AMT

If line 17 is more than zero and if the corporation has credits or credit carryovers, continue to Part II. Otherwise, stop here and enter the amount, if any, from line 19 on Form 100, line 30; or Form 109, line 19.

Part II – Credits that Reduce Tax

Complete Part II only if the corporation has tax credits.

Use Part II to determine:

- The amount of credit that may be used to offset tax;
- The tax that may be offset;
- The amount of credit, if any, that may be carried over to future years; and
- The order in which to claim credits, if the corporation has more than one credit to claim.

Before you begin Part II:

- Complete Form 100 through line 23.
- Figure the amount of credit(s) using a schedule or the credit form identified in the Credit Table on the next page. Be sure to attach the credit form or schedule to the return, if applicable.

To complete Part II:

- Complete line 1 through line 3 to figure the amount of excess tax the corporation may offset by credits.
- Identify in which section(s) of Part II the corporation may take tax credit(s). Credits without carryover provisions are listed on Schedule P(100) in Section A1 and may be taken only in that section. Credits with carryover provisions are listed on the Credit Table. The table identifies the section(s) of Part II in which the corporation may take these tax credits.
- If the corporation has credit(s) in Section B, be sure to complete line 10 in addition to the line(s) for the corporation's credit(s).
- If the corporation's credit is taken in Section A2 or B, enter the credit code and the credit name in the space provided. Refer to the Credit Table for the credit code.
- Complete column (a) through column (d) for each line on which the corporation is taking a credit. Refer to "column instructions."
- If the corporation credit(s) are taken in more than one section, complete each section before going to the next section.
- Once the corporation has completed Part II, see "How to Claim Credits" on page 4.

Section A – Credits that reduce excess regular tax

Section A Instructions

Line 3 – Subtract line 2 from line 1. If the amount is zero or less than zero, continue to Question 1. If the amount is greater than zero, go to the Section A1 instructions.

1. Does the Credit Table show that the corporation may take the credit ONLY in Sections A1 or A2?

Yes. Do not take the credit this year. Go to question 2.

No. Go to Section B to figure the amount of credit the corporation may take this year. Then continue to Section C if the corporation's credit is listed in that section.

2. Does the credit have carryover provisions?

- Yes.** Enter the credit code, credit name and credit amount (column (a)) in the section indicated by the table. Enter -0- in column (b). Enter the credit amount in column (d). This is the amount of the credit the corporation may carry over and use in future years.
- No.** Do not take the credit this year or in future years.

Section A1 Instructions

Line 4 – If the corporation has the credit listed in this section, complete column (a) through column (c).

Section A2 Instructions

Line 5 through Line 9 – Follow the Credit Table Instructions to find out in which section to claim the credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Note: Generally, it is to the corporation's advantage to apply credits with limited carryovers before credits with no limitation on the carryover. However, the corporation may want to apply credits with no limitation on carryover first if that is more advantageous.

Corporations may use these credits to reduce regular tax but not below TMT. The corporation may be able to, if applicable, use them in Section B or Section C or carry them over to future years. The credits that do not have shading in column (d) can be used in Section B, or carried over to future years, if applicable, after reducing the regular tax down to TMT.

Section B – Credits that may reduce regular tax below tentative minimum tax

Corporations may use these credits to reduce the regular tax below TMT. And corporations may carry over to future income years any credits remaining after reducing the regular tax to zero. But, if the corporation has a tax balance and can continue to use the credit in Section C, apply the carryover in Section C.

Section B Instructions

Line 11 through Line 14 – Follow the Credit Table Instructions to find out in which section to claim your credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Section C – Credits that may reduce alternative minimum tax

If the corporation has AMT and remaining solar energy credit carryover and commercial solar energy credit carryover after reducing the regular tax to zero, the corporation may reduce AMT using these credits. And corporations may carry over to future income years any credits remaining after reducing the AMT to zero.

Section C Instructions

Line 16 and Line 17 – If the corporation has any of the credits listed in this section, complete column (a) through column (d) for each credit in the order listed.

Column Instructions – In column:

- (a) Enter the amount of credit available to offset tax;
- (b) Figure the amount of credit the corporation is able to use this year by entering the smaller of the amount in column (a) or the amount in column (c) from the previous line;
- (c) Figure the amount of tax remaining to be offset by other credits by subtracting the amount in column (b) from the balance in column (c) of the previous line; and
- (d) Enter the amount of credit carryover available to use in future years by subtracting the amount in column (b) from the amount in column (a).

How to Claim Credits

Claim credits by transferring them to Form 100 or Form 109 as follows:

Credits on line 4 through line 17

Form 100 – If the corporation claims only one, two or three credits, enter the name, code number and amount of the credit from column (b) on Form 100, line 24, line 25 and line 26. To claim credits that are listed in more than one section, total column (b) for the credits that have the same code numbers. Then enter the name, code number and amount of the credit on Form 100, line 24, line 25 and line 26.

If the corporation has any other credits to claim, add the amounts from column (b) for those credits. Enter the total on Form 100, line 27.

Form 109 – If the organization claims only one to six credits, enter the name, code number and amount of the credit from column (b) on Form 109, Schedule B, line 1 through line 6. To claim credits that are listed in more than one section, total column (b) for the credits that have the same code numbers. Then enter the name, code number and amount of the credit on Form 109, Schedule B, line 1 through line 6.

If the organization has any other credits to claim, add the amounts from column (b) for those credits. Enter the total on Form 109, Schedule B, line 7.

Credit Table Instructions

To use the table:

1. Find the corporation's credit(s) listed in the table.
2. See which sections are identified in the columns under "Offset Tax in Section."
3. Take the credit only in sections the table identifies for the corporation's credit.
4. Use the credit in the earliest section possible.
5. Complete each section before going to the next section.

Part III – Credit for Prior Year AMT

Use this part to figure the 1998 credit for prior year AMT if the corporation paid AMT for 1997 or had an alternative minimum tax credit carryover from 1997.

For members of a unitary group filing a combined report, compute the credit for prior year AMT for each entity in the current year's group.

Line 1

Enter the AMT from the 1997 Schedule P (100), Part I, line 19. If this amount was reduced by any commercial solar energy credit carryover or solar energy credit carryover, use the AMT from Section C, line 18 of the 1997 Schedule P (100.)

Line 2

Enter the credit for prior year carryover from the 1997 Schedule P (100), Part II, line 10, column (d).

Line 3

Enter this amount on Part II, line 9, column (a).

Credit Table

Code	Current Credits	Form	Offset Tax in Section:			
			A2	B1	B2	
209	Community Development Financial Institution Deposits	N/A				
205	Disabled Access for Eligible Small Businesses Credit	FTB 3548				
204	Donated Agricultural Products Transportation Credit	FTB 3547				
190	Employer Child Care Contribution	FTB 3501				
189	Employer Child Care Program	FTB 3501				
203	Enhanced Oil Recovery Credit	FTB 3546				
176	Enterprise Zone Hiring & Sales or Use Tax 1 = hiring credit 2 = sales or use tax credit	FTB 3805Z				
207	Farmworker Housing – Construction	N/A				
208	Farmworker Housing – Loan	N/A				
198	Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	FTB 3807				
172	Low-Income Housing	FTB 3521		B		
199	Manufacturers' Investment	FTB 3535		B		
211	Manufacturing Enhancement Area (MEA) Hiring	FTB 3808				
188	Prior Year Alternative Minimum Tax	FTB 3510				
162	Prison Inmate Labor	FTB 3507	A1			
183	Research	FTB 3523		B		
210	Targeted Tax Area (TTA) Hiring & Sales or Use Tax	FTB 3809		B		
206	Rice Straw Credit	N/A				
200	Salmon & Steelhead Trout Habitat Restoration	N/A				
Code	Repealed Credits with Carryover Provisions	Form	Offset Tax in Section:			
175	Agricultural Products	FTB 3540				
196	Commercial Solar Electric System	FTB 3540		B		
181	Commercial Solar Energy	FTB 3540		B		C
202	Contribution of Computer Software	FTB 3540				
191	Employer Ridesharing Large Employer	FTB 3540				
192	Small Employer					
193	Transit					
182	Energy Conservation	FTB 3540				
159	Los Angeles Revitalization Zone (LARZ) Hiring & Sales or Use Tax	FTB 3806		B		
160	Low-Emission Vehicles	FTB 3540				
185	Orphan Drug	FTB 3540		B		
184	Political Contributions	FTB 3540				
174	Recycling Equipment	FTB 3540				
171	Ridesharing	FTB 3540				
180	Solar Energy	FTB 3540		B		C
179	Solar Pump	FTB 3540				
201	Technological Property Contribution	FTB 3540				