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, 2009,** and to the California Revenue and Taxation Code (R&TC).

What's New

California Motion Picture and Television Production Credit – For taxable years beginning on or after January 1, 2011, the credit can reduce tax below the tentative minimum tax (TMT) for corporations. For more information, see Revenue and Taxation Code (R&TC) Section 23036.

Donated Fresh Fruits or Vegetables Credit – For taxable years beginning on or after January 1, 2012, and before January 1, 2017, qualified taxpayers who donate fresh fruits or fresh vegetables to a California food bank may receive a credit equal to 10% of the donation's costs. For more information, get form FTB 3811, Donated Fresh Fruits or Vegetables Credit, or go to **ftb.ca.gov** and search for **credit for fresh fruits**.

Community Development Financial Institutions Investment Credit – The Community Development Financial Institutions Investment Credit has been extended for taxable years beginning on or after January 1, 2012, and before January 1, 2017.

Net Operating Loss – For taxable years beginning on or after January 1, 2012, California has reinstated the NOL carryover deductions. For more information, get form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations.

Important Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to **ftb.ca.gov** and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California R&TC in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

The Board of Equalization ruled in the *Appeal of NASSCO Holdings, Inc* 2010-SBE-001, November 17, 2010, that a corporate taxpayer may use Enterprise Zone (EZ) credits and/or the Manufacturing Investment Credit (MIC) to reduce alternative minimum tax (AMT). For more information, see the instructions for Part II, Section C or go to **ftb.ca.gov** and search for **nassco**.

For taxable years beginning on or after January 1, 2011, a California motion picture and television production credit is allowed to a qualified taxpayer. The credit is allocated and certified by the California Film Commission (CFC). The qualified taxpayer can:

- Offset the credit against income tax liability.
- Sell the credit to an unrelated party (independent films only).
- Assign the credit to an affiliated corporation.
- Apply the credit against qualified sales and use taxes.

For more information, get form FTB 3541, California Motion Picture and Television Production Credit, form FTB 3551, Sale of Credit Attributable to an Independent Film, or go to **ftb.ca.gov** and search for **motion picture**.

For taxable years beginning on or after January 1, 2009, a new jobs credit in the amount of $3,000 is allowed for a qualified employer for each increase in qualified full-time employees hired in the current taxable year. If the available credit exceeds the current year tax liability, the excess credit may be carried over to reduce the "tax" in the following year, and succeeding seven years if necessary, until the credit is exhausted. For more information, go to **ftb.ca.gov** and search for **new jobs** or get form FTB 3527, New Jobs Credit. See Form 100 Tax Booklet, line 25 specific instructions for information on how to claim the new jobs credit.

For taxable years beginning on or after July 1, 2008, credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is a member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against their tax in taxable years beginning on or after January 1, 2010. For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group or form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee, or go to **ftb.ca.gov** and search for **credit assignment**.

California law conforms to federal law regarding:

- Large banks' bad-debt losses deduction, which is limited to the actual losses rather than contributions to a reserve for bad debts.
- The removal of the adjusted current earnings (ACE) depreciation adjustment.
- The use of the same depreciation recovery periods for regular tax and AMT for property placed in service after December 31, 1998.
- 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 taxable years beginning on or after January 1, 1997, for installment sales related to the sale or disposition of farm property made in taxable years beginning on or after January 1, 1988.
- The treatment of merchant marine capital construction account funds as an adjustment item for AMT.

California law does not conform to federal law regarding:

- The election to claim additional research and minimum tax credits in lieu of claiming additional first-year depreciation of certain qualified property.
- The 15% alternative tax with qualified timber gains under IRC Section 1201(b).
- The elimination of AMT for small businesses.

These lists are not intended to be all-inclusive of the federal and state conformities and differences. For more information, refer to the R&TC.

General Information

Unless stated otherwise, the term "corporation" as used in Schedule P (100), Alternative Minimum Tax and Credit Limitations — Corporations, and in these instructions, includes banks, financial corporations, partnerships or 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.

Use this schedule to calculate AMT and to figure credits that are limited by the TMT or that may reduce AMT.

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

Who Must File

- 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 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) for **each** member included in the combined report. Attach the Schedule P (100) for each member in the combined report **behind** the combined Schedule P (100) for all members. See instructions for Part I, line 4b, line 5a, line 5b, line 5e, line 7b, line 9, and line 10.

Short Period Tax Return. For a short-period tax return, use the formula in IRC Section 443(d) to determine the AMTI and AMT.

Credit for Prior Year AMT. If the corporation paid AMT for 2011 or has a carryover of credit for prior year AMT and has no AMT liability for 2012, the corporation may use this credit in 2012 to reduce its regular tax liability. Complete Part III to figure this credit.

Specific Line Instructions

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

Line 1- Net income (loss) after state adjustments
Enter the amount from Form 100, line 18 or Form 109, the lesser of line 1 or line 2. If the corporation filed a Schedule R, Apportionment and Allocation of Income, with the tax return, enter the amount from Schedule R, line 1c.

Line 2a – Depreciation of tangible property placed in service after 1986 and before 1999
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 taxable 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 five years instead of 20 years for regular tax, it must depreciate the grapevine over ten years for AMT.

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

Include on line 2a any differences between regular and AMT depreciation (e.g., IRC Section 179 depreciation differences).

Line 2b – Amortization of certified pollution control facilities placed in service after 1986
For any certified pollution control facility placed in service in California after 1986 and before 1999, the five-year depreciation method available for such facilities for regular tax purposes must be replaced for AMT purposes by the alternative depreciation system (ADS) specified under IRC Section 168(g) (straight-line method, without regard to salvage value). A facility placed in service after December 31, 1998 is depreciated using the IRC Section 168 straight-line method. For more information, see IRC Section 56 (a)(5).

Line 2c – Amortization of mining exploration and development costs incurred after 1987
If the corporation elected the optional ten-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 ten 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 Section 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.

California conforms to IRC Section 460(b)(2). This section requires the taxpayer to "look-back" to previous years during which the contract work for certain contracts was in progress. The taxpayer must 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(a)(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 a taxable year beginning on or after January 1, 1997, for qualified installment sales made in taxable 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 refigured loss unless the corporation is insolvent. For more information, see IRC Section 58(c)(1).
- **Do not** offset gains from other tax shelter activities with any refigured loss.

Instead, suspend and carry over the loss to future taxable years until one of the following applies:

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

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

For AMT purposes, complete a second form FTB 3802, Corporate Passive Activity Loss and Credit Limitations, to figure the adjustments. 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 Farm Activities That Are Passive Activities. Refigure any gain or loss from a tax shelter farm activity that is a passive activity by taking into account all AMT adjustments, tax preference items, and AMT prior year unallowed losses. If the amount is a gain, it may be included on form FTB 3802, and it may be used to offset AMT losses from other passive activities. However, if it is a loss, it must be suspended and carried forward indefinitely until the corporation has a gain in a subsequent year from that same activity or it disposes of the activity. The AMT loss carryover is the refigured AMT loss.

If, at the end of the taxable 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). For more information, 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 refigured 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 refigured 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 taxable 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. Get federal Form 4626 for more information. However, the California depletion costs may continue to be different from the federal amounts because of prior differences in law and differences in basis.

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 – 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 Section 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 3b amount separately for oil and gas properties that are not geothermal deposits and for oil and gas properties that are geothermal deposits.

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 the instructions for federal Form 4626. Also, note that the intangible drilling costs amounts may differ from federal amounts because of prior differences in the law.

Line 4b – Apportioned pre-adjustment AMTI
For taxpayers required to apportion their income, pre-adjustment 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, line 1c. Refigure the Schedule R taking into account any AMT adjustments, then transfer the refigured net income from Schedule R, line 35 to Schedule P (100), line 4b.

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

Line 5a – ACE
If this schedule is for a regulated investment company or a real estate investment trust, skip this line.

The ACE is the pre-adjustment AMTI from line 4a 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, 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 taxable year beginning before January 1, 1990, and applying IRC Section 168(g). For property placed in service in taxable years beginning on or after January 1, 1990, and before January 1, 1998, use the ADS described in IRC Section 168(g). For property placed in service in taxable years beginning on or after January 1, 1998, no ACE depreciation adjustment is necessary.

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 IRC Section 173 (R&TC Section 24364) and organizational expenditures under IRC Section 248 (R&TC Section 24407) do not apply to expenditures paid or incurred in taxable 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.

Line 5b – Apportioned ACE
For 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 5e – 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 accumulated positive California ACE adjustments over its prior years accumulated negative California ACE adjustments.

Line 7a – Reduction for disaster loss carryover deduction
If a disaster loss carryover is claimed in 2012, enter the amount on this line.

Line 7b – AMT net operating loss (NOL) deduction
For taxable years beginning on or after January 1, 2012, California has reinstated the NOL carryover deductions. For more information, get form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations.

The AMT NOL is the NOL determined for regular tax except for the following:

1. For any taxable 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.
   (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.
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). 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 the corporation had a loss from a farming business due to Pierce's disease or from a business activity within an enterprise zone, the former Los Angeles Revitalization Zone, a Local Agency Military Base Recovery Area, or the Targeted Tax Area, get form FTB 3805D, Net Operating Loss (NOL) Carryover Computation and Limitation - Pierce's Disease; FTB 3805Z, Enterprise Zone Business Booklet; FTB 3806, Los Angeles Revitalization Zone Business Booklet; FTB 3807, Local Agency Military Base Recovery Area Business Booklet; or FTB 3809, Targeted Tax Area Business Booklet.

Line 9 and Line 10 – The $40,000 exemption and the $150,000 limitation apply to each corporation included in the combined report that has a filing requirement in California, to the extent that each corporation has AMTI.

Line 16 – Banks and financial corporations
Corporations with negative or zero taxable income on Form 100, line 23, enter -0-.

Line 18 – Regular tax before credits
For installment obligations subject to IRC Section 453(l)(2)(B) (Timeshares and Residential Lots) and IRC Section 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 from line 19 on Form 100, line 30 or Form 109, line 13.

Part II — Credits that Reduce Tax

Complete Part II only if the corporation has tax credits.

Use Part II to determine the following:
- 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.
- The order in which to claim credits, if the corporation has more than one credit to claim.

Credits are applied against the tax on a separate entity basis. Unless otherwise provided by statutory authority, specific credit(s) are only available to the corporation that incurred the expense that generated the credits.

Before the corporation completes Part II:
- Complete Form 100 through line 24.
- 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 tax 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. The corporation is allowed to carryover the amount of the Prison Inmate Labor credit that was disallowed due to the 50% limitation for taxable years 2008 and 2009. The carryover period for the disallowed credit is extended by the number of taxable years the credit was not allowed. Credits **with** carryover provisions are listed on the Credit Table on the next page. 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).
- Complete column (a) through column (d) for each line on which the corporation is taking a credit. See "Column Instructions" below for more information.
- Once the corporation has completed Part II, see "How to Claim Credits" on the next page.

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.
(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).

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, 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 Section 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 in 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). The corporation is allowed to carryover the amount of the Prison Inmate Labor credit, that was disallowed due to the 50% limitation for taxable years 2008 and 2009. The carryover period for the disallowed credit is extended by the number of taxable years the credit was not allowed.

Section A2 Instructions

For taxable years beginning on or after January 1, 2002, the credit for prior year AMT has to be applied before any credits that can reduce the regular tax below the TMT in accordance with R&TC Section 23036 (c).

Line 5 through Line 9 – Follow the Credit Table Instructions on the next page 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.

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 the 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, carry them over to future years. The credits that do not have shading in column (d) can be carried over to future years, if applicable, after reducing the regular tax down to TMT.

Section B – Credits that may reduce regular tax below TMT

Corporations may use these credits to reduce the regular tax below TMT. Corporations may also carryover to future taxable years any credits remaining after reducing the regular tax down to the minimum franchise tax, if applicable. 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 on the next page 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.

Section C — Credits that may reduce AMT

If the corporation has AMT, the corporation may reduce AMT using current EZ credit and/or remaining credit carryover from either the solar energy, commercial solar energy, EZ hiring & sales or use tax, or MIC after reducing the regular tax down to the minimum franchise tax (if applicable). Corporations may carryover to future taxable years any credits remaining after reducing the AMT to zero.

Section C Instructions

Lines 16a, 16b, 17a and 17b – 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.

How to Claim Credits

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

Credits on line 4 through line 14

Form 100 – If the corporation claims only one or two credits, enter the name, code number, and amount of the credit from column (b) on Form 100, line 26a and line 26b.

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 three credits, enter the name, code number, and amount of the credit from column (b) on Form 109, Schedule B, line 1 through line 3.

If the organization claims more than three credits, see Form 109, Schedule B instructions.

Part III — Credit for Prior Year AMT

Use this part to figure the 2012 credit for prior year AMT if the corporation paid AMT for 2011 or had an AMT credit carryover from 2011.

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 2011 Schedule P (100), Part I, line 19. If this amount was reduced by any credits from Part II, Section C, use the AMT from Section C, line 18 of the 2011 Schedule P (100).

Line 2 – Enter the credit for prior year AMT carryover from the 2011 Schedule P (100), Part II, line 9, column (d).

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. Complete each section before going to the next section.

Credit Table

Code	Current Credits	Form	Offset Tax in Section			
223	California Motion Picture and Television Production	FTB 3541			B	
209	Community Development Financial Institutions Investment	N/A		A2		
205	Disabled Access for Eligible Small Businesses	FTB 3548		A2		
204	Donated Agricultural Products Transportation	FTB 3547		A2		
224	Donated Fresh Fruits or Vegetables	FTB 3811		A2		
203	Enhanced Oil Recovery	FTB 3546		A2		
176	Enterprise Zone Hiring & Sales or Use Tax 1 = hiring 2 = sales or use tax	FTB 3805Z			B_1 B_2	C_1 C_2
218	Environmental Tax	FTB 3511		A2		
198	Local Agency Military Base Recovery Area Hiring & Sales or Use Tax	FTB 3807		A2		
172	Low-Income Housing	FTB 3521			B	
211	Manufacturing Enhancement Area Hiring	FTB 3808		A2		
213	Natural Heritage Preservation	FTB 3503			B	
220	New Jobs*	FTB 3527		A2		
188	Prior Year Alternative Minimum Tax	N/A		A2		
162	Prison Inmate Labor	FTB 3507	A1			
183	Research	FTB 3523			B	
210	Targeted Tax Area Hiring & Sales or Use Tax	FTB 3809			B	
Code	**Repealed Credits with Carryover or Recapture Provisions**	**Form**	**Offset Tax in Section**			
175	Agricultural Products	FTB 3540		A2		
196	Commercial Solar Electric System	FTB 3540			B	
181	Commercial Solar Energy	FTB 3540			B	C
202	Contribution of Computer Software	FTB 3540		A2		
190	Employer Childcare Contribution	FTB 3540		A2		
189	Employer Childcare Program	FTB 3540		A2		
 191 192 193	Employer Ridesharing Large Small Transit Passes	FTB 3540		A2		
182	Energy Conservation	FTB 3540		A2		
207	Farmworker Housing – Construction	FTB 3540		A2		
215	Joint Strike Fighter Wages	FTB 3540		A2		
216	Joint Strike Fighter Property Costs	FTB 3540		A2		
159	Los Angeles Revitalization Zone Hiring & Sales or Use Tax	FTB 3806			B	
160	Low-Emission Vehicles	FTB 3540		A2		
199	Manufacturers' Investment	FTB 3540			B	C
185	Orphan Drug	FTB 3540			B	
174	Recycling Equipment	FTB 3540		A2		
206	Rice Straw	FTB 3540		A2		
171	Ridesharing	FTB 3540		A2		
200	Salmon & Steelhead Trout Habitat Restoration	FTB 3540		A2		
180	Solar Energy	FTB 3540			B	C
179	Solar Pump	FTB 3540		A2		
217	Solar or Wind Energy System	FTB 3540		A2		
201	Technological Property Contribution	FTB 3540		A2		

* **Do not** claim the New Jobs Credit on Schedule P (100). Claim this credit on Form 100, line 25b.