

2016 Instructions for Form FTB 3544A

List of Assigned Credit Received and/or Claimed by Assignee

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

Important Information

For taxable years beginning on or after July 1, 2008, California Revenue and Taxation Code (R&TC) Section 23663 allows the assignor to assign an eligible credit to the eligible assignee. For taxable years beginning on or after January 1, 2010, the eligible assignee may claim all or a portion of the assigned credits against tax for the taxable year in which the assignment occurs, or any subsequent taxable year, subject to limitations. For more information, see R&TC Section 23663 or go to ftb.ca.gov and search for **credit assignment**.

An "eligible assignee" is any affiliated corporation that is a member of the same combined reporting group (under R&TC Section 25101 or 25110) as the assignor on:

1. June 30, 2008, **and** the last day of the taxable year in which the credit was assigned to the assignee, for **credits generated** in taxable years beginning **before** July 1, 2008, or
2. The last day of the taxable year in which the credit was first allowed to the assignor **and** the last day of the taxable year in which the credit was assigned to the assignee, for **credits generated** in taxable years beginning **on or after** July 1, 2008.

After assignment of an eligible credit, the assignee is treated as if it originally generated the assigned credit. All restrictions and limitations, including any carryover limitations that applied to the assignor (entity that originally generated the credit) will also apply to the assignee. The assignee must also maintain the information necessary to substantiate any assigned credit amount received and/or claimed. See General Information B, Disclosure of Limitations and Restrictions, for more information.

Once a credit amount is assigned to an assignee, the assigned credit amount cannot be reassigned to another assignee.

There is no requirement of payment for assignment of credit by an eligible assignee to an assignor. If the eligible assignee makes a payment for the assignment of credit, the payment is not a deductible expense for the assignee nor income to the assignor.

The assignor and the eligible assignee shall each be liable for the full amount of any tax, addition to tax, or penalty that results from any disallowance of any eligible credit assigned under R&TC Section 23663. The Franchise Tax Board (FTB) may collect such amount in full from either the assignor or the eligible assignee.

Note: If a credit is assigned under R&TC Section 23663, **both** the assignor and the assignee must file the applicable forms:

- The assignor must file form FTB 3544, Election to Assign Credit Within Combined Reporting Group, to assign the credit.
- The assignee must file form FTB 3544A, List of Assigned Credit Received and/or Claimed by an Assignee, when the assignee receives and claims the assigned credit.

If a C corporation received an assigned credit from an assignor, and then converted to an S corporation, the S corporation is entitled to claim 1/3 of the assigned credit as follows:

- The C corporation assigned credit carryovers are reduced to 1/3 when transferred to the S corporation. The remaining 2/3 are disregarded. The allowable assigned credit carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules.
- These C corporation assigned credit carryovers may not be passed through to the shareholders.

For general information regarding the treatment of S corporations tax credits, get Form 100S, S Corporation Tax Booklet, for more information.

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. 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 instructions. Taxpayers should not consider the instructions as authoritative law.

A Purpose

Use form FTB 3544A to report the following:

- Assigned credit amount received this taxable year and/or carryover from prior taxable years.
- Assigned credit amount claimed in the current taxable year.
- Assigned credit amount carryover to future taxable years.

B Disclosure of Limitations and Restrictions

The eligible assignee is treated as if it originally generated the assigned credit. Any credit limitations or restrictions that applied to the assignor will also apply to the eligible assignee. The assignor shall disclose the existence and nature of any assigned credit limitations to the

eligible assignee and to the FTB. Such limitations may include, but are not limited to:

- Limitations imposed on the credit to certain types of income, such as income from one of the former California Enterprise Zones (EZ).
- Limitations imposed by California's incorporation of IRC Section 383.
- Limitations on the number of years the assigned credits may be carried forward.

For example, the amount of EZ credit allowable for use is limited to the tax on income attributable to that enterprise zone. For zone credits assigned, the assignee must have a tax liability on the income attributable to the same zone that the original credit was generated. If the original credit was generated in the Fresno enterprise zone of the assignor, the assignee must have a tax liability on the income attributable to the Fresno enterprise zone.

Also, when a corporation has an "ownership change" as defined in IRC Section 382, tax credits may be subject to limitations imposed under IRC Section 383. In such situations, the annual use of credits is limited to an amount determined under IRC Section 383.

Another example is that the assignor has an Environmental Tax credit generated during the 2011 taxable year. The credit has not been used and was carried forward and assigned in the 2016 taxable year. The credit will expire in the 2022 taxable year, based on the date that the assignor originally generated the credit. The credit will expire for the assignee in the 2022 taxable year, unless the carryover period is extended by law.

Specific Instructions

The assignee is **required** to file form FTB 3544A, completing all of the requested information, whenever the assignee receives or claims an assigned credit.

If more than one type of assigned credit is received or claimed, complete a **separate** form FTB 3544A for each credit. For example, if the assignee received both a Research and Development (R&D) credit and an Environmental Tax credit, the assignee completes two forms FTB 3544A.

Attach additional form(s) FTB 3544A, if necessary. Use only FTB approved form(s) FTB 3544A. Schedules or substitute forms, other than a FTB approved computer-generated substitute version of form FTB 3544A, will **not** be accepted.

Attach form(s) FTB 3544A to Form 100, California Corporation Franchise or Income Tax Return; Form 100S, California S Corporation Franchise or Income Tax Return; or Form 100W, California Corporation Franchise or Income Tax Return – Water's-Edge Filers.

When attaching form FTB 3544A to the tax return, make sure to check the "Yes" box on Form 100 or Form 100W, Side 1, Schedule Q, **Question B4**; or Form 100S, Side 3, Schedule Q, **Question S**.

Assigned Credit Information

Enter the assigned credit name and credit code in the space provided.

List each assigned credit received transaction **separately**. For example, if the assignee received an R&D credit in 2011, and again in 2016, the assignee would enter the information for the 2011 credit received on one line, and the information for the 2016 credit received on a separate line. See the example below for how to report the assigned credit received and/or claimed.

Column (a) – Assignor name. Enter the name of the corporation that assigned the credit.

Column (b) – Assignor California corporation number or FEIN. Enter the California corporation number or FEIN of the corporation that assigned the credit.

Column (c) – Taxable year assigned credit was generated. Enter the taxable year that the assignor originally generated the credit (form FTB 3544, Election to Assign Credit Within Combined Reporting Group, column (d)).

For example, the assignor (Corporation A) generated a R&D credit of \$1,000 during the 2008 taxable year. The credit was not claimed by Corporation A and was carried forward to the succeeding years. Corporation A assigned the available credit to Corporation F (another unitary member of the combined reporting group) in the 2016 taxable year. Corporation F will enter “2008” as the taxable year the R&D credit was generated.

Column (d) – Taxable year assigned credit was received. Enter the taxable year that the assignee received the assigned credit from the assignor.

Column (e) – Certificate number or agreement number. If the assigned credit received is the **original** or **new** California Motion Picture and Television Production Credit, enter the California Film Commission (CFC) certificate number used to claim the credit.

If the assigned credit received is the California Competes Tax Credit (CCTC), enter the CCTC Committee Agreement number used to claim the credit.

Column (f) – Initial assigned credit amount received. Enter the initial assigned credit amount received from the assignor (use the applicable form FTB 3544, column (g)).

Column (g) – Assigned credit received in 2016 taxable year. Enter the assigned credit amount that the assignee received from the assignor during this taxable year (2016 form FTB 3544, column (g)).

Column (h) – Assigned credit carryover from prior years. Enter the assigned credit carryover amount from prior years.

Column (i) – Assigned credit available. Add the amounts on column (g) and column (h). Enter the result in column (i). Also, total the amounts in column (i). This is the available assigned credit that the assignee can claim this taxable year.

Column (j) – Assigned credit claimed in 2016 taxable year. This is the assigned credit amount that the assignee claimed in the current taxable year after specific credit limitations. See General Information B, Disclosure of Limitations and Restrictions, for more information.

To figure the amount of assigned credit to claim in the current taxable year, refer to the following:

- Form 100, Corporation Tax Booklet; or Form 100W, Corporation Tax Booklet Water’s-Edge Filers, Specific Line Instructions for tax credits.
- Form 100S, S Corporation Tax Booklet, General Information BB, Tax Credits, and Specific Line Instructions for tax credits.

Total the amounts in column (j).

Note: The total amount of specific credit claimed on the Form 100, Form 100S, Form 100W, Schedule P (100), Alternative Minimum Tax and Credit Limitations - Corporations; Schedule P (100W), Alternative Minimum Tax and Credit Limitations - Water’s-Edge Filers; or Schedule C (100S), S Corporation Tax Credits, should include both: (1) the total assigned credit claimed from column (j), and (2) the amount of credit claimed that was generated by the assignee.

Column (k) – Carryover to future years. Subtract column (j) from column (i) and enter the result in column (k). If the assigned credit expires by the end of the current taxable year, no carryover of assigned credit is allowed. Enter “0” in this column.

Total the amounts in column (k). This is the total assigned credit carryover to future years.

EXAMPLE – How to report the assigned credit received and/or claimed.

An assignor (Corporation A) generated an R&D credit of \$20,000 in the 2008 taxable year. Corporation A assigned to an assignee (Corporation B) an R&D credit of \$10,000 in the 2011 taxable year and \$3,000 in the 2016 taxable year. Also, Corporation A generated an R&D credit of \$8,000 in the 2016 taxable year and assigned \$5,000 to Corporation B in the same taxable year. Assuming Corporation B can only claim the assigned credit of \$3,500 in the 2016 taxable year and \$6,000 in the 2017 taxable year, Corporation B should report each assigned credit transaction received and/or claimed separately as follows:

TAXABLE YEAR

2016

(c) Taxable year assigned credit was generated	(d) Taxable year assigned credit was received	(e) Certificate number or agreement number	(f) Initial assigned credit amount received	(g) Assigned credit received in 2016 taxable year	(h) Assigned credit carryover from prior years	(i) Assigned credit available column (g) plus column (h)	(j) Assigned credit claimed in 2016 taxable year	(k) Carryover to future years column (i) minus column (j)
2008	2011		10,000	0	10,000	10,000	500	9,500
2008	2016		3,000	3,000	0	3,000	3,000	0
2016	2016		5,000	5,000	0	5,000	0	5,000
TOTAL						18,000	3,500	14,500

TAXABLE YEAR

2017

(c) Taxable year assigned credit was generated	(d) Taxable year assigned credit was received	(e) Certificate number or agreement number	(f) Initial assigned credit amount received	(g) Assigned credit received in 2017 taxable year	(h) Assigned credit carryover from prior years	(i) Assigned credit available column (g) plus column (h)	(j) Assigned credit claimed in 2017 taxable year	(k) Carryover to future years column (i) minus column (j)
2008	2011		10,000	0	9,500	9,500	6,000	3,500
2016	2016		5,000	0	5,000	5,000	0	5,000
TOTAL						14,500	6,000	8,500