

Part A – Capital Credit

The capital credit is available to investing companies and their recipients involved in a qualified project undertaken by certain new businesses to be located in the state and certain expansions of certain existing businesses. To qualify for the capital credit, the project entity must be registered with and approved by the Commissioner's Office of the Alabama Department of Revenue by 12/31/2015. The capital credit claimed for the tax year shall not exceed 5 percent of the actual capital costs, as defined in the law, of the new business or expansion of an existing business for each of 20 years. The capital credit shall be provided to each investing company and its shareholders, partners, members, owners, or beneficiaries on Form K-RCC provided by the reporting company. Each recipient in the investing company will be allowed a capital credit according to the distributive share, whether or not distributed, of the project's Alabama taxable apportionable income.

This capital credit CANNOT be carried forward or back by any recipient. The capital credit is limited to the individual's current tax year liability and is applied after all other deductions, losses, or credits permitted under Titles 40 and 41, *Code of Alabama 1975*. The Form K-RCC must be attached to the individual return in order to be eligible to receive the capital credit.

The amount of capital credit the estate or trust is entitled to in accordance with, and as limited by, §§40-18-190 through 40-18-203. Attach Form KRCC for credit.

Lines 1a-1g. Enter the Project Number(s) assigned by the Alabama Department of Revenue, the project name, and the amount of credit claimed from Schedule K-RCC, line 7.

Line 2. Enter the amount of the Capital Credit claimed from Schedule K-RCC, line 7.

Part B – Income Taxes Paid to other States

In accordance with §40-18-25(c) resident estates and trusts are allowed a credit for taxes paid to another state, for tax years beginning after December 31, 2004, if the resident estate or trust conducts a trade or business both in Alabama and in one or more other states or territories. The credit is limited to the lesser of the tax actually due to the other state or territory or the amount that would be due on the same income computed at the income tax rate in Alabama. When income tax is paid to more than one other state, the tax credit must be computed separately for each state. **A copy of the return as filed with the other state must be attached for the credit to be considered properly substantiated.**

Line 1. Enter taxable income as shown on the other states return and list state.

Line 2. Tax due the other state using Alabama tax rates.

Line 3. Tax due the other state's return.

Line 4. Alabama Tax Due.

Line 5. Credit Allowable...(Enter the lesser of lines 2, 3, or 4).

Line 16. Total Credit Available for Income Tax Paid to other States. Sum of lines 5, 10, and 15.

Part C – Summary

Line 1. **Total Credits Allowable.** Add Part A, line 2 and Part B, line 16. Enter the total here and on Form 41, page 1, line 7a.