



**SCHEDULE**  
**OC**  
**(FORM 40 OR 40NR)**

ALABAMA DEPARTMENT OF REVENUE  
**Other Available Credits**  
ATTACH TO FORM 40 OR 40NR

**2010**

Name(s) as shown on Form 40 or 40NR	Your social security number
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<b>PART A – Credit For Taxes Paid To Other States</b>				
<i>NOTE: CR Credits are NOT allowable for Nonresidents</i>				
1 <b>CREDIT ALLOWABLE.</b> Enter the amount from Schedule CR, line 5 .....		1	●	
<b>PART B – Basic Skills Education Credit</b>				
Attach this schedule to your Alabama return along with a copy of your approved certification notice issued by the Alabama Department of Education. Enter your assigned Department of Education Certification Number .....				
1 Name of employer/firm sponsoring the education program .....				
2 Name of approved provider .....				
3 Were all participants for whom you are claiming a tax credit continuously employed by you for at least 16 weeks? <input type="checkbox"/> Yes <input type="checkbox"/> No				
4 If the answer to line 3 is yes, did employee(s) work at least 24 hours each week? <input type="checkbox"/> Yes <input type="checkbox"/> No				
5 If the answer to lines 3 and 4 above is yes, enter the total expenses available for credit (see instructions) .....		5		
6 Total maximum credit available. Multiply line 5 by 20% (.20) .....		6		
7 Tax due Alabama from Form 40, page 1, line 17, or Form 40NR, page 1, line 19a .....		7		
8 <b>CREDIT ALLOWABLE.</b> Enter the amount from line 6 or 7, whichever is smaller .....		8	●	
<b>PART C – Rural Physician Credit</b>				
1 Name of hospital and community where you live and provide medical services .....				
2 Tax due Alabama from Form 40, page 1, line 17, or Form 40NR, page 1, line 19a .....		2		
3 Maximum Rural Physician Credit .....		3	\$5,000 00	
4 <b>CREDIT ALLOWABLE.</b> Enter the amount from line 2 or 3, whichever is smaller .....		4	●	
<b>PART D – Coal Credit</b>				
1 <b>CREDIT ALLOWABLE</b> .....		1	●	
<b>PART E – Alabama Enterprise Zone Act Credit</b>				
1 Enter amount from Schedule EZK1, Part II, page 2, line 13, or Schedule EZ, Part IV, page 2, line 13 .....		1	●	
<b>PART F – Capital Credit</b>				
<b>You must attach Form K-RCC to your Alabama return.</b>				
1 Enter your Project Number assigned by the Alabama Department of Revenue .....		1	●	
2 Name of project entity entitled to the Capital Credit .....				
3 Enter tax due from Form 40, page 1, line 17, or Form 40NR, page 1, line 19a .....		3		
4 Less credits:				
a. <b>CR Credit.</b> Enter amount from Schedule OC, Part A, line 1 .....		4a		
b. <b>Basic Skills Education Credit.</b> Enter amount from Schedule OC, Part B, line 8 .....		4b		
c. <b>Rural Physician Credit.</b> Enter amount from Schedule OC, Part C, line 4 .....		4c		
d. <b>Coal Credit.</b> Enter amount from Schedule OC, Part D, line 1 .....		4d		
e. <b>Enterprise Zone Act Credit.</b> Enter amount from Schedule OC, Part E, line 1 .....		4e	●	
5 Total all credits other than Capital Credit. Add 4a, 4b, 4c, 4d, and 4e .....		5		
6 Tax due before Capital Credit. If line 3 is larger than line 5, subtract line 5 from line 3, and enter the difference on line 6. If line 3 is smaller than line 5, enter zero on line 6 .....		6		
7 Enter Capital Credit available from Schedule K-RCC, line 7 .....		7		
8 <b>CAPITAL CREDIT ALLOWABLE.</b> Enter the lesser of line 6 or 7 .....		8	●	
<b>PART G – Summary</b>				
1 <b>TOTAL CREDITS ALLOWABLE.</b> Add Part A, line 1, Part B, line 8, Part C, line 4, Part D, line 1, Part E, line 1 and Part F, line 8. Enter the total here and on Form 40, page 1, line 18 for residents or Form 40NR, page 1, line 19b for nonresidents, and check the appropriate box(es) .....		1	●	

# Instructions for Schedule OC

Use this schedule to compute credits available to you.

## Part A –

### Credit For Taxes Paid To Other States

You must complete Schedule CR to calculate the available credit for taxes paid to other states. NOTE: If you are **ONLY** claiming a credit for taxes paid to other states, do not complete Schedule OC.

## Part B –

### Basic Skills Education Credit

This credit is available to resident and nonresident **employers** who provide basic skills education programs approved by the Alabama Department of Education to employees. Expenses incurred for or relating to instructors, materials, or equipment used in the qualifying program, or for supplies, textbooks, or salaries, including compensation paid to employees while participating in the basic skills program may be used in calculating the credit. The credit will equal 20 percent of the actual costs of education limited to the amount of the employer's income tax liability. A credit will not be allowed for employers receiving reimbursement for any cost of the education.

## Part C –

### Rural Physician Credit

This credit is available to licensed resident and non-resident physicians who **practice and reside** in a small or rural Alabama community of less than 25,000 residents with admission privileges to a small or rural hospital having an emergency room. Under the terms of this credit a "small or rural hospital" is defined as an acute care hospital with less than 105 beds, located more than 20 miles from another acute care facility, or which receives Medicare rural reimbursement from the federal government. The amount of this credit is \$5,000.00 per year and may be claimed for not more than five consecutive tax years. No credit will be allowed to physicians meeting the requirements on or before May 5, 1993 nor to a physician having previously practiced within a rural community unless he/she returns to such practice after having practiced in a large or urban community for at least three years.

## Part D –

### Coal Credit

For the tax years beginning on and after January 1, 1995, every corporation, whether a "subchapter S" corporation, as defined by the 1995 Internal Revenue Code, or not, foreign or domestic, that is doing business in Alabama, as a producer of coal mined in Alabama, shall be allowed a credit against the tax imposed by Section 40-18-2, in the amount of one dollar (\$1) per ton of increased production of coal over the previous year's production of coal as set out herein below. Such tax credit shall be based on coal pro-

duced after January 1, 1995, provided the coal was mined in Alabama as certified by the producer of the coal. The amount of the total of credit in any one year shall be based on the number of tons of Alabama coal produced by the corporation in the year which exceeds the number of tons of Alabama coal produced by the corporation in calendar year 1994. In the event a corporation did not produce Alabama coal during calendar year 1994, such corporation must establish a base year by producing Alabama coal for 12 consecutive months. Thereafter, such corporation shall be eligible for the tax credit as specified herein above over the base year production.

*(Acts 1995, No. 95-239, p. 403, §1.)*

## Part E –

### Alabama Enterprise Zone Act Credit

This credit is available to corporations, partnerships, and proprietorships that locate or expand within a designated enterprise zone as approved by the Alabama Department of Economic and Community Affairs. It was designed to stimulate business and industrial growth in depressed areas of the state. These tax incentives were enacted by Act No. 87573 of the Alabama Legislature and were signed into law on July 22, 1987 as the "**Alabama Enterprise Zone Act.**"

## Part F –

### 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. 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.**