**What’s New**

Individual taxpayers must apply through My Alabama Taxes (MAT) at www.myalabamataxes.alabama.gov and receive approval before certain credits are claimed on Schedule OC. Once logged into MAT, a taxpayer will need to select “Individual Income Tax” as their account type, then select “Submit a Credit Claim” from the “I Want To” menu on the right margin of the page and follow a short series of instructions/steps to claim a credit. Any supporting documentation for the credit claim is required to be attached in MAT. The process of “Submitting a Claim” through MAT must be completed to allow the recipient a credit claim. Taxpayers needing assistance with reserving a tax credit may call (334) 353-9770 or (334) 353-0602.

**SECTION A – Current Tax Period Liability**

Enter tax amount from Form 40, page 1, line 17 or Form 40NR, page 1, line 19.

**SECTION B – Current Year Credits**

* The Individual Credits must be submitted and approved through My Alabama Taxes (MAT) before completion of the Schedule OC.

**Part A – Credit for Taxes Paid to Other States (Form 40 Only)**

This credit is provided to prevent the double taxation of income and is only available to legal residents of Alabama filing Form 40 who have income from sources outside of Alabama that is being taxed by Alabama and another state (or territory of the United States) in the same tax year. Residents of Alabama for only a part of the tax year can claim this credit only if the returns filed with Alabama and the other state cover the same periods. In order to claim this credit, you must complete the Schedule CR, this section and attach a copy of other state’s return or W-2G’s if the taxing state does not allow a return to be filed for gambling winnings. (For more instruction see Form 40 Tax Booklet)

NOTE: Residents that worked and received income/wages from a state that doesn’t have income tax will not be eligible for the credit for taxes paid to another state.

A2. Alabama Adjusted Gross Income from Form 40, page 1, line 10.
A3. Total Other States % of Alabama AGI (Divide line A1 by line A2).
A4. Multiply the current tax liability (Section A) by line A3.
A5. Enter line 27 from Schedule CR.
A6. Credit Allowable (Enter smaller of lines A4 or A5). Enter here and on Section C, Part A, Column 3.

**Part B – Alabama Enterprise Zone Credit or Exemption**

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. 87-573 of the Alabama Legislature and were signed into law on July 22, 1987 as the “Alabama Enterprise Zone Act.”

In order to qualify for the tax credits, a business must be located within a designated zone as approved by the Alabama Department of Economic and Community Affairs.

If a credit is earned by a partnership or S corporation, the credit will be distributed to each partner or shareholder based on the percentage of ownership. The partnership or S corporation should advise each partner or shareholder of the amount of his/her income subject to this credit.

**Part C – 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.

C1. Enter the Certification Number assigned by the Department of Education.
C2. Enter the name of the employer/firm sponsoring the education program.
C3. Enter the name of the approved provider.
C4. Mark the appropriate box to indicate whether all participants for whom you are claiming a tax credit, were continuously employed by you for at least 16 weeks.
C5. If the box on line 4 is marked “yes”, mark the appropriate box to indicate if employee(s) for whom you are claiming a tax credit work at least 24 hours each week.
C6. If the box on line 4 and 5 is marked “yes”, enter the total expenses available for credit.
C7. CREDIT ALLOWABLE. Multiply line C6 by 20% (.20). Enter here and on Section C, Part C, Column 3.

**Part D – Rural Physician Credit**

This credit is available to licensed 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 E – 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 produced after January 1, 1995, provided the coal was mined in Alabama as certified by the producer of the coal. The amount of the total 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.) The credit is required to be submitted through MAT.

NOTE: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

Part F – Full Employment Act of 2011 Credit*

This credit is available to a small business that creates new jobs paying more than ten dollars ($10) per hour. A small business is defined as a business existing on January 1, 2011 that employs 50 or fewer employees. The credit shall equal $1,000.00 for each qualifying new employee. The credit is available in the tax year during which the employee has completed 12 months of consecutive employment. The employer must have a net increase in the total number of full time employees in Alabama on the last date of each tax year during which employees are hired for which the employer claims a credit, over the number employed in Alabama as of the last day of the tax year immediately preceding the first employment year. The increase must equal or exceed the number of newly hired employees for which a credit is sought by one employee for each newly hired employee for whom a credit is being sought for the current year, plus one employee for all employees for whom credits were claimed in prior years. The credit is required to be submitted through MAT.

NOTE: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

D1. Name of hospital and community where you live and provide medical services.
D2. Maximum Rural Physician Credit. Qualifying Physicians, enter $5,000. If Married Filing Jointly (MFJ) and both spouses qualify for Rural Physician Credit, enter $10,000.
D3. CREDIT ALLOWABLE. Enter the amount from line D2. Enter here and on Section C, Part D, Column 3.

Part G – Veterans Employment Act - Employer’s Credit*

This credit is available to a business that meets the requirements of the Full Employment Act of 2011 that hires resident unemployed veterans or combat veterans for a full-time position paying at a minimum $14 per hour. The credit is $2,000 per qualifying hire and is available in the tax year during which the employee has completed 12 months of consecutive employment. An employer cannot take this credit for any employee who claims a start-up expense credit for themselves allowed under the Veterans Employment Act (formerly Heroes For Hire Credit) Business Start-up Expense Credit. The credit is required to be submitted through MAT.

NOTE: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

G1. Number of unemployed veterans included in Part F, line F4.
G2. Multiply line G1 by $2,000.00.
G3. Enter pro rata share of credit from Schedule K-1 and FEIN of entity. If credit from more than one entity, attach schedule.

Part H – Veterans Employment Act - Business Startup Expense Credit*

This credit is available to recently deployed and now discharged unemployed veterans who start their own business. To qualify the business must have a start date after April 2, 2012. The one-time credit is nonrefundable and can be applied against the income tax liability in an amount up to $2,000. The recently deployed unemployed veteran must hold at least a 50 percent ownership interest in the business, which must be located in Alabama and show a net profit of at least $3,000 for the year in which the credit is taken. The recently deployed unemployed veteran is not allowed to claim this credit for themselves if an employer has claimed a hire credit for him or her under the Veterans Employment Act (formerly Heroes For Hire Credit) shown above in Part F. The credit is required to be submitted through MAT.

NOTE: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.

H1. Name and business ID number.
H2. Enter total amount of business start-up expenses.
H3. Maximum credit.
H4. Enter the lesser of line H2 or line H3.
H5. Enter pro rata share of credit from Schedule K-1 and FEIN of entity. If credit from more than one entity, attach schedule.
H6. CREDIT ALLOWABLE. Add line H4 and line H5. Enter here and on Section C, Part H, Column 3.

Part I – Credit for Taxes paid to a Foreign Country (For Form 40 Only)

This credit is only allowed to resident individual owners of Subchapter K entities, Alabama S corporations, and resident beneficiaries of an estate or trust on their proportionate share of the entity's tax paid or accrued on foreign income. This credit does not apply to wages or any other type of income earned in a foreign country. The amount of the credit allowable is 50 percent of the taxpayer's proportionate share of the income taxes paid or accrued to a foreign country by the entity or the tax using Alabama tax rates on the taxpayer's proportionate share of the entity's income derived from the foreign country whichever is less.

I1. Enter S Corporation/Partnership/Estate/Trust name.
I2. Enter FEIN.
I3. Enter name of country income earned in.
I4. Your pro rata share in entity.
I5. Pro rata share of income from foreign operations.
I6. Alabama tax imposed on pro rata share of income from foreign operations (line I5).
I7. Pro rata share of tax due the foreign country as shown on that country’s tax return.
I8. Multiply I7 by 50% (.50).
I9. CREDIT ALLOWABLE. Enter the lesser of line I6 or line I8. Enter here and on Section C, Part I, Column 3.

Part J – Qualified Irrigation System/Reservoir System Tax Credit*

This credit is available to any agricultural trade or business described in the 2007 North American Industry Classification System, Sector 11. This credit is used to offset costs associated with the purchase and installation of any qualified irrigation equipment and any conversion costs related to the conversion of irrigation equipment from fuel to electricity or the cost of constructing a qualified reservoir. Taxpayers can either take a credit for an irrigation system or a reservoir but not both. This credit is taken in the year the system is placed in service. The credit shall not exceed the taxpayer’s liability computed without regard to the credit. Any remaining credit not utilized in the year placed in service may be carried forward for up to 5 years. For tax years 2012-2017, there is a one-time, one-purchase credit equal to 20 percent of the costs not to exceed $10,000. For tax years 2018-2022, there is a one-time, one-purchase credit equal to 20 percent of the costs not to exceed $10,000 or 10 percent of the costs not to exceed $50,000, whichever is greater. Qualified irrigation equipment is any equipment used by an agricultural trade or business in irrigation systems, including but not limited to equipment used to construct irrigation systems and water wells. A qualified reservoir is an off-stream upland reservoir used as a source of water for irrigation by an agricultural trade or business. MAT approval is required to claim this credit. If the credit you are claiming is from a Partnership or S Corporation, do not submit an agricultural trade or business. The credit is available to taxpayers who transfer their child from a failing public school to a nonfailing public school or nonpublic school. The amount of the credit is the lesser of 80 percent of the average annual state cost attendance for a public K-12 student during the applicable tax year or the actual cost of attending a nonfailing public school or nonpublic school. For more information go to www.revenue.alabama.gov.

This credit is available to taxpayers who make a contribution to an approved scholarship granting organization. The credit is the amount contributed to the scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50 percent of the tax liability of the taxpayer not to exceed $50,000 per taxpayer or married couple filing jointly. For more information go to www.revenue.alabama.gov.

(Any unused Alabama Accountability Act Credit - Scholarship Granting Organization (SGO) portion may be carried forward for a maximum of 3 years).
L1. Enter name of Scholarship Granting Organization.
L2. Enter address of Scholarship Granting Organization.
L3. Enter amount contributed for scholarship(s).
L4. Enter pro rata share of credit from Schedule K-1 and FEIN of entity. If credit from more than one entity, attach schedule.
L6. Multiply the current tax liability (Section A) by 50% (.50).
L7. Maximum credit allowable for current year contribution.
L8. Current Year Credit Allowable. Enter the lesser of line L5, L6 or L7. Enter here and on Section C, Part L, Column 3.
L9. MAXIMUM CREDIT ALLOWABLE FOR PRIOR YEAR CREDIT CARRY-FORWARD. Subtract L8 from L6. Enter here and on line L10a, Column 3.
L10. Calculation of Allowable Prior Year Credit Carryforward - enter here and on Section D. If Part L, line L9 is equal to zero, do not complete this section.

Column 1. Enter the credit year of the carryforward.
Column 2. Enter the amount of Credit Carryforward Available.
Column 3. Enter the Credit Limitation. Line L10a, Column 3 equals line L9. Lines L10b, L10c, & L10d, Column 3 equals Column 5 of the prior row.
Column 4. Enter the Maximum Credit Carryforward Available This Year. Lesser of Column 2 or Column 3. This amount is also entered on Section D, Column D for credit carryforward listed.

Part M – Alabama Adoption Tax Credit

Taxpayers that reside in Alabama can take a tax credit of $1,000 for a private adoption or the adoption of a qualified foster child. To qualify for an adoption through a private agency the adoptive parent(s) must reside in Alabama. To qualify for an adoption of a foster child the foster child must be in the permanent legal custody of the Alabama Department of Human Resources. Schedule AAC must be completed.

M1. Enter total number of children adopted from Schedule AAC, Part II, line 1.
M2. Allowable credit per child.
M3. CREDIT ALLOWABLE. Multiply line M1 by line M2. Enter here and on Section C, Part M, Column 3.

Part N – 2013 Alabama Historic Rehabilitation Tax Credit*

Act Number 2014-452 amends Act 2013-241. The act provides an income tax credit against the tax liability of the taxpayer for the rehabilitation, preservation, and development of historic structures. The credit is equal to 25% of the qualified rehabilitation expenditures for certified historic structures. The act also provides a tax credit equal to 10% of the qualified rehabilitation expenditures for qualified pre-1936 non-historic structures. No tax credit claimed for any certified rehabilitation may exceed $5,000,000 for all allowable property types except a certified historic residential structure, and $50,000 for a certified historic residential structure. The entire credit may be claimed by the taxpayer in the taxable year in which the certified rehabilitation is placed in service. This credit is not refundable, but any unused portion of the credit may be carried forward for up to 10 additional
tax years. The credit is required to be submitted through MAT.

A copy of the Tax Credit Certificate, Transfer Tax Credit Certificate or Recipient Tax Credit Certificate must be attached to the return. Subchapter K and S members or partners must attach the Recipient Tax Credit Certificate received from the passthrough entity. If this information is not attached, no credit will be allowed.

(Any unused 2013 Alabama Historic Rehabilitation Tax Credit may be carried forward for a maximum of 10 years).

N1. Enter the project number, date placed in service and amount of tax credit certificate issued by the Historic Tax Commission for any project placed in service this year.

N2. Total Credit - Add lines N1a, N1b and N1c.

N3. Enter pro rata share of credit from Schedule K-1 and FEIN of entity.

N4. CREDIT ALLOWABLE. Add line N2 and line N3. Enter here and on Section C, Part N, Column 3.

Part O – Career – Technical Dual Enrollment Credit

Sections 16-60-350 through 16-60-354, Code of Alabama 1975 provides an income tax credit, equal to 50 percent of contributions, to entities that make contributions for qualifying educational expenses directly associated with the Career-Technical Dual Enrollment Program as defined by the State Board of Education for tax years beginning January 1, 2015. Such credit shall not exceed an amount greater than 50 percent of the taxpayer’s total Alabama income tax liability and in no case more than $500,000 for any given tax year.

A copy of the Department of Post-Secondary Education Tax Credit must be attached to this return. If the certification is not attached, no credit will be allowed.

(Any unused Career – Technical Dual Enrollment Credit may be carried forward for a maximum of 3 years).

O1. Enter amount contributed this year (Department of Post-Secondary Education Tax Credit Certificate).

O2. Enter amount of current credit — Multiply line O1 by .50.

O3. Enter pro rata share of credit from Schedule K-1 and FEIN of entity.


O5. Multiply the current tax liability (Section A) by 50% (.50).

O7. Current Year Credit Allowable. Enter the Lesser of O4, O5 or O6. Enter here and on Section C, Part O, Column 3.

O8. MAXIMUM CREDIT ALLOWABLE FOR PRIOR YEAR CREDIT CARRYFORWARD. Subtract line O7 from line O5. Enter here and on line O9a, Column 3.

O9. Calculation of Allowable Prior Year Credit Carryforward - enter here and on Section D. If Part O, line O8 is equal to zero, do not complete this section.

Column 1. Enter the current year of the carryforward.

Column 2. Enter the amount of Credit Carryforward Available.

Column 3. Enter the Credit Limitation. Line O9a, Column 3 equals line O8. Lines O9b and O9c, Column 3 equals Column 5 of the prior row.

Column 4. Enter the Maximum Credit Carryforward Available This Year. Lesser of Column 2 or Column 3. This amount is also entered on Section D, Column D for credit carryforward listed.

Column 5. Enter the Unused Credit Limitation. Column 3 minus Column 4.

Line O9d. Maximum Credit Carryforward Available. Sum of Column 4, line O9a, O9b, and O9c.

Part P – Investment Credit - Alabama Jobs Act

Act Number 2021-2 and Section 40-18-376 provide for an investment credit to certain businesses for approved projects that create new jobs in Alabama. The credit is an amount of 1.5 percent of a qualified capital investment annually, for a period of 10 years to be applied against the income tax, estimated income taxes, the financial institution excise tax, or the insurance premium tax, with additional offsets of utility gross receipts, utility service use taxes and certain state license taxes. The investment credit, provided for by the Alabama Jobs Act, may be claimed as a credit against taxes paid with a carryforward for earned but unused amounts to the extent allowed in the project agreement. Any unused portion of this credit may be carried forward for up to five years. The approval of this credit is managed through the Department of Commerce.

If business entity is a sole proprietor, a copy of the certification must be attached, otherwise, no credit will be allowed. If business entity is a Subchapter S or K, skip line P1 and indicate your annual allocated amount on line P2.

(Any unused Investment Credit - Alabama Jobs Act may be carried forward for a maximum of 5 years).

P1. Enter the Project Number.

P2. Enter Current Year’s Investment Credit amount from Annual Investment Tax Credit Certificate.

P3. CREDIT ALLOWABLE. Add line P1 and line P2. Enter here and on Section C, Part P, Column 3.

Part Q – Alabama Renewal Act Credit – Port Credit

Section 40-18-403 provides an income tax credit in an amount equal to $50 per TEU, $3 per net ton, or $0.04 per kilogram for air freight multiplied by the port user’s cargo volume in the 12 month period for which the commission has granted approval for the port user to claim the port credit minus the port users base cargo volume. The port credit shall only be available to the extent that a port facility user ships more than 105 percent of its cargo volume from the 12 month period immediately preceding the port facility user’s application. The port credit shall only be available to the extent a port facility user ships more than 10 TEUs, for cargo measured by TEU, more than 75 net tons, for cargo measured by net ton, or more than 15,000 kilograms for air cargo measured by kilograms. This credit is not refundable, but any unused portion of the credit may be carried forward for up to 5 additional tax years.

A copy of your Certification of Port Credit from the Alabama Department of Commerce must be attached to this return. If the certification is not attached, no credit will be allowed.

Enter Company Name and FEIN or SSN of Qualified Project.

Q1. Enter Port Credit amount certified.

Q2. Enter pro rata share of credit from Schedule K-1 and FEIN of entity. If credit from more than one entity, attach schedule.

Q3. CREDIT ALLOWABLE. Add line Q1 and line Q2. Enter here and on Section C, Part Q, Column 3.

Part R – Alabama Renewal Act Credit – Growing Alabama Credit

Section 40-18-413 of the Code of Alabama 1975 provides for a tax credit to Alabama income taxpayers who make contributions to Economic Development Organizations (EDO) for approved qualifying projects. Taxpayers donating to EDOs for approved projects receive an Alabama income tax credit equal to their donations.

The Alabama Department of Commerce is the administering agency for the Growing Alabama Credit. All inquiries regarding eligibility and qualifications for prospective projects should be addressed to incentives@commerce.alabama.gov or 334-242-0400.

(Any unused Alabama Renewal Act – Growing Alabama Credit may be carried forward for a maximum of 5 years).

Enter name of Economic Development Organization.

R1. Amount(s) contributed to above organization this year.

R2. Enter pro rata share of credit from Schedule K-1 and FEIN of entity.

R3. Current Year Credit Available. Add line R1 and line R2. Enter here and on Section C, Part R, Column 2.

R4. Multiply the current tax liability (Section A) by 50%.

R5. Current Year Credit Allowable. Enter the lesser of line R3 and line R4. Enter here and on Section C, Part R, Column 3.
is required to be submitted through MAT. This credit is refundable and transferable but cannot be carried forward. The credit taxpayer in the taxable year in which the certified rehabilitation is placed in service. certified historic residential structure. The entire credit must be claimed by the property types except a certified historic residential structure, and $50,000 for a qualified rehabilitation expenditures for certified historic structures. No tax credit Certificate or a Transfer Tax Credit Certificate. The credit is equal to 25% of the structures. The tax credits can only be claimed by taxpayers holding a Tax Credit Certificate must be attached to this return, otherwise, no credit will be allowed. If business is a Subchapter S or K, indicate your pro-rata share of credit on line S2.

**PART S – Apprenticeship Tax Credit**

Section 40-18-422 provides for an income tax credit to employers. For tax years beginning on or after January 1, 2017 through January 1, 2019, a credit of $1,000 is allowed per qualifying apprentice for up to 5 apprentices employed. For tax years beginning on or after January 1, 2020 through Dec 31, 2025, a credit of $1,250 is allowed per qualifying apprentice for up to 10 apprentices employed. An additional credit of up to $500 is available for apprentices who are eighteen years old or younger and meet the certain youth registered or industry recognized apprenticeship criteria. This credit is not available for an individual apprentice for more than 4 taxable years. This credit is nonrefundable, nontransferable, and cannot be carried forward. The credit is required to be submitted through MAT.

If business entity is a sole proprietor, a copy of the Alabama Apprenticeship Tax Credit Certificate must be attached to this return, otherwise, no credit will be allowed. If business is a Subchapter S or K, indicate your pro-rata share of credit on line S2.

**PART T – 2017 Alabama Historic Tax Rehabilitation Credit**

Act 2017-380 provides a refundable income tax credit against the tax liability of the taxpayer for the rehabilitation, preservation, and development of historic structures. The tax credits can only be claimed by taxpayers holding a Tax Credit Certificate or a Transfer Tax Credit Certificate. The credit is equal to 25% of the qualified rehabilitation expenditures for certified historic structures. No tax credit claimed for any certified rehabilitation may exceed $5,000,000 for all allowable property types except a certified historic residential structure, and $50,000 for a certified historic residential structure. The entire credit must be claimed by the taxpayer in the taxable year in which the certified rehabilitation is placed in service. This credit is refundable and transferable but cannot be carried forward. The credit is required to be submitted through MAT.

A copy of the Tax Credit Certificate or Transfer Tax Credit Certificate must be attached to the return. If this information is not attached, no credit will be given.

T1. Enter the project number, date placed in service and credit amount of tax credit certificate issued by the Historic Tax Commission for any project placed in service this year.

T2. CREDIT ALLOWABLE. Add line T1a, T1b and line T1c. Enter here and on Section C, Part T, Column 3.

**Part U – Railroad Modernization Act of 2019**

The Railroad Modernization Act of 2019 (Act 2019-459) creates a refundable income tax credit effective for tax years 2020 through 2022, for eligible taxpayers with qualified railroad reconstruction or replacement expenditures. Railroads that are classified as a Class II or Class III are eligible for the credit. Taxpayers must obtain pre-certification from the Department of Commerce prior to claiming the credit on their income tax return.

U1. Enter the amount of credit as reported on your Transfer Credit Certificate issued by the Department of Revenue. Enter here and on Section C, Part U, Column 3.

**Part V – Income Tax Capital Credit**

Capital Credit is allowable to investing companies and their recipients involved in projects undertaken by new businesses located in the state and the expansion of certain existing businesses. The “Capital Credit” was created by Act 95-187 of the Alabama Legislature and signed into law on June 15, 1997. Schedule KRCC-I must be completed to compute credit allowable. You must attach Form KRCC and Schedule KRCC-I to your Alabama return.

V1. Enter Capital Credit allowable from Schedule KRCC-I, Part III, line 5. Enter here and on Section C, Part V, Column 3.

**SECTION C – Current Tax Period Liability**

For each current credit, repeat the steps on each row until all allowable current year credits have been used or no tax remains to be offset. Start on Row A, Columns 2 and 3, enter applicable Credits if any from Section B, Part A of this form. In Column 4, enter the tax liability from page 1, Section A of this form. Subtract the Current Credit Allowable from the Tax Due to be Offset. If the Current Credit Allowable is greater than the Tax Due to be Offset, enter the amount from Column 4 in Column 5. If the Tax Due to be Offset is greater than Column 3, enter the Current Credit Allowable (Column 3) in Column 5 and enter the difference of Column 4 and Column 5 in Column 6 and proceed to the next available credit. For the remaining rows, use the preceding Balance of Tax Due from Column 6 as the Tax Due to be Offset in Column 4.

For the credit carryforward (Column 7) for Parts L, O and R, subtract any Current Credit Applied (Column 5) from the Current Credit Available (Column 2). For all other credit carryforwards, Column 7 equals the difference between Column 3 and Column 5.

**SECTION D – Credit Carryforward Prior Years**

Begin with the oldest Credit Carryforward year first and ending with the most current year. If you have more than one carryforward for the same year, use the list below to determine which one should be used first.

1. Neighborhood Infrastructure Incentive Plan Credit
2. Qualified Irrigation System/Reservoir System Tax Credit
3. Alabama Accountability Tax Credit – Scholarship Granting Organization (SGO) portion
4. 2013 Alabama Historic Tax Rehabilitation Credit
5. Career-Technical Dual Enrollment Credit
6. Alabama Jobs Act – Investment Credit
7. Port Credit
8. Growing Alabama Credit
9. Alabama Small Business and Agribusiness Jobs Act Credit

For each carryforward available for utilization, repeat the steps on each line by column until all available prior year credit carry forward credits have been used or no tax remains to be offset. Tax years for which a credit was utilized should not be listed.

Column A Enter the Type of Credit Carryforward
Column B Enter the Year Carryforward Generated (YYYY)
Column C Available Carryforward Credit
Column D Allowable Carryforward Credit
Column E Enter the Balance of Tax Due from Section C, Column 6. If no credits were taken in Section C, enter the tax liability from Section
A of this form into the first row of Column D.

Column F: Enter the Amount Used This Period
Column G: Enter the Remaining Unused Carryforward

In Column C list any prior year credit carryforwards for application. In Column E enter the Balance of Tax Due from Section C, Column 6. If no Credits were taken in Section C, enter the tax liability from Section A of this form into the first row of Column E. Repeat the steps that follow for each carryforward: Subtract Column E from Column D. If the Column E is less than or equal to Column D, enter Column E in Column F and compute Column G (Column C – Column F). If the Column E is greater than Column D, enter Column D in Column F. For the remaining rows, use the preceding Column E minus Column F as the Balance of Tax Due in Column E.

*For the Alabama Accountability Tax Credit – Scholarship Granting Organization (SGO) portion, Career - Technical Dual Enrollment Credit and Growing Alabama Credit carryforward computation, the Allowable Carryforward Credit in Column D is limited to the Maximum Credit Carryforward Available This Year in Column 4 of Section B, Part L, Line L10, Section B, Part O, Line O9 and Section B, Part R, Line R7. All others Column D equals Column C.

**SECTION E – Net Tax Due Computation**

- Line E1: Enter the Total Current Year Tax Liability from Section A, line 1.
- Line E2: Enter the Total Current Year Credits Applied from Section C, line 1.
- Line E3: Enter the Prior Year Credit Carryforwards applied from Section D, line 21.
- Line E4: Add lines E2 and E3 to get the Total Credits Utilized This Year.
- Line E5: Subtract E4 from E1 to get the Net Tax Due. Enter the results here and on Form 40, Page 1, line 18 or Form 40NR, Page 1, line 20.

**SECTION F – Total Refundable Credits**

This section is only for the refundable portion of the Alabama Accountability Act Credit – School Transfer Credit, Adoption Credit and Historic Tax Rehabilitation Act of 2017 Credit.

- F1. Alabama Accountability Tax Credit – School Transfer Credit. Subtract Section C, Part K, Column 5 from Section C, Part K, Column 3
- F2. Alabama Adoption Tax Credit. Subtract Section C, Part M, Column 5 from Section C, Part M, Column 3
- F3. 2017 Alabama Historic Rehabilitation Tax Credit. Subtract Section C, Part T, Column 5 from Section, C ,Part T, Column 3
- F4. Total Refundable Credits. Add lines F1, F2 and F3. Enter the results here and on Page 1, line 25 of your return (Form 40 or Form 40NR).