

**Credit for Clean Renewable Energy
and Gulf Tax Credit Bonds**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Part I

Section A. Clean Renewable Energy Bond Credit

(a) Bond issuer's name, city or town, and state	(b) Date bond issued	(c) Date bond disposed of (if applicable)	(d) Outstanding bond principal	(e) Credit rate	(f) (d) x (e)	(g) %	(h) Credit (f) x (g)
1							
2 Total credit. Add the amounts on line 1, column (h). See the instructions for how to report as interest income						2	
3 Clean renewable energy bond credits from partnerships, S corporations, estates, and trusts						3	
4 Add line 2 and line 3. Estates and trusts go to line 5; partnerships and S corporations, report this amount on Schedule K; all others, go to Part II						4	
5 Amount allocated to the beneficiaries of the estate or trust (see instructions)						5	
6 Estates and trusts. Subtract line 5 from line 4. Use this amount to complete Part II						6	

Section B. Gulf Tax Credit Bond Credit

(a) Bond issuer's name, city or town, and state	(b) Date bond issued	(c) Date bond disposed of (if applicable)	(d) Outstanding bond principal	(e) Credit rate	(f) (d) x (e)	(g) %	(h) Credit (f) x (g)
7							
8 Total credit. Add the amounts on line 7, column (h). See the instructions for how to report as interest income						8	
9 Gulf tax credit bond credits from partnerships, S corporations, estates, and trusts						9	
10 Add line 8 and line 9. Estates and trusts go to line 11; partnerships and S corporations, report this amount on Schedule K; all others, go to Part II						10	
11 Amount allocated to the beneficiaries of the estate or trust (see instructions)						11	
12 Estates and trusts. Subtract line 11 from line 10. Use this amount to complete Part II						12	

Part II Allowable Credit

13 Regular tax before credits:	• Individuals. Enter the amount from Form 1040, line 44 or Form 1040NR, line 41	}	13	
	• Corporations. Enter the amount from Form 1120, Schedule J, line 2, or the applicable line of your return			
	• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return			
14 Alternative minimum tax:	• Individuals. Enter the amount from Form 6251, line 35	}	14	
	• Corporations. Enter the amount from Form 4626, line 14			
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56			
15 Add line 13 and line 14			15	
16a Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or Form 1040NR, lines 44 through 45 and lines 47 through 49)	16a		16i	
	16b Foreign tax credit			
	16c Credits from Forms 5735 and 8834			
	16d Alternative motor vehicle credit (Form 8910, line 18)			
	16e Alternative fuel vehicle refueling property credit (Form 8911, line 19)			
	16f General business credit (see instructions)			
	16g Credit for prior year minimum tax (Form 8801, line 25; or Form 8827, line 8)			
	16h Qualified zone academy bond credit (Form 8860, line 9)			
	16i Add lines 16a through 16h			
17 Net income tax. Subtract line 16i from line 15			17	
18 Clean renewable energy bond credit allowed for the current year. Enter the smallest of line 4, line 17, or the amount as limited by the formula in the instructions for line 18 (if line 18 is smaller than line 4, see instructions). Estates and trusts , enter the smallest of line 6, line 17, or the amount as limited by the formula in the instructions for line 18 (if line 18 is smaller than line 6, see instructions). Report this amount (plus the amount, if any, from line 20 below) on Form 1040, line 55 or Form 1040NR, line 50; Form 1120, Schedule J, line 5e; Form 1041, Schedule G, line 3; or the applicable line of your return			18	
	Note: If line 10 is zero or blank, stop here.			
19 Subtract line 18 from line 17			19	
20 Gulf tax credit bond credit allowed for the current year. Enter the smallest of line 10, line 19, or the amount as limited by the formula in the instructions for line 20 (if line 20 is smaller than line 10, see instructions). Estates and trusts , enter the smallest of line 12, line 19, or the amount as limited by the formula in the instructions for line 20 (if line 20 is smaller than line 12, see instructions). Report this amount (plus the amount, if any, from line 18 above) on Form 1040, line 55 or Form 1040NR, line 50; Form 1120, Schedule J, line 5e; Form 1041, Schedule G, line 3; or the applicable line of your return			20	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8912 to claim the clean renewable energy bond (CREB) credit and the Gulf tax credit bond (GTCB) credit. In lieu of receiving periodic interest payments from the issuer, the holder of the bond is generally allowed an annual income tax credit. The credit compensates the holder for lending money to the issuer and functions as interest paid on the bond.

Who Can Claim the Credits

A taxpayer holding a CREB or a GTCB on 1 or more **credit allowance dates** can claim the credit by filing Form 8912 for each tax year in which it holds a CREB or a GTCB on a credit allowance date.

The **credit allowance dates** are:

- March 15,
- June 15,
- September 15, and
- December 15.

The credit allowance date also includes the last day on which the CREB or GTCB is outstanding.

Definitions

CREB. A CREB is any bond issued after 2005 by a **qualified issuer**, the proceeds of which are used for capital expenditures incurred by a **qualified borrower** for a **qualified project**. In addition, the bond must be designated by the issuer as a CREB under section 54. An issuer can make such a designation only if it applied for and received a CREB allocation from the IRS.

A **qualified issuer** is either a:

- Cooperative electric company—a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or a not-for-profit electric utility that has received a loan or loan guarantee under the Rural Electrification Act,
- Clean renewable energy bond lender—a lender that is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and including any affiliated entity which is controlled by such lender, or
- Governmental body—any state, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

A **qualified borrower** is a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C) or a governmental body.

A **qualified project** is any qualified facility (as determined under section 45(d) without regard to paragraph (10) and to any placed in service date) owned by a qualified borrower.

GTCB. A GTCB is any bond with a maturity of not more than 2 years that was issued after 2005 by the state of Alabama, Louisiana, or Mississippi and designated by the governor of that state as a Gulf tax credit bond. At least 95% of the proceeds of the bond must be used to pay principal, interest, or premiums on qualified bonds issued by that state or any political subdivision thereof, or to make a loan to any political subdivision thereof to pay principal, interest, or premiums on a **qualified bond** issued by that subdivision.

A **qualified bond** for purposes of the GTCB credit means any obligation of a state or political subdivision which was outstanding on August 28, 2005. This term does not include any private activity bond, any bond for which there is any outstanding refunded or refunding bond during the period a GTCB is outstanding for such bond, or any bond issued as part of an issue if any portion of the proceeds of such issue was (or is to be) used to provide any property described in section 144(c)(6)(B).

Specific Instructions

Separate entries and calculations are required for each bond with a different issuance date or a different credit rate.

Part I

Lines 1 and 7, Column (c)

Enter the date the bond was redeemed, sold, or otherwise disposed of.

Lines 1 and 7, Column (d)

Enter the face amount of the CREB or GTCB minus any payment of principal received.

Lines 1 and 7, Column (e)

The credit rate for the CREB and the GTCB is the rate published on the Treasury Direct website under "IRS Tax Credit Bonds" at www.treasurydirect.gov/govt/apps/slgs/slgs_irstax.htm for the first day on which there is a binding contract in writing for the sale or exchange of the bond.

Lines 1 and 7, Column (g)

Generally, you enter 25% for each credit allowance date you hold a CREB or GTCB during your tax year.

Example. Your tax year begins December 1, 2007, and ends November 30, 2008. You were issued a GTCB on March 16, 2008, and held it through the end of the tax year ending November 30, 2008. You would enter 50% computed as follows.

Credit allowance date	%
June 15, 2008	25
September 15, 2008	25
	50

However, the 25% will be prorated if a CREB or the GTCB is issued, redeemed, or matures during the 3-month period ending on a credit allowance date; the percentage of credit allowed for that credit allowance date is prorated for the number of days the bond was outstanding during the 3-month period.

Example. Your tax year begins December 1, 2007, and ends November 30, 2008. You were issued a CREB on March 24, 2008. Since the bond was not held for the entire 3-month period ending on June 15, 2008, the prorated portion of the 25% is figured by dividing (a) the number of days the bond was outstanding beginning on the date the bond was issued and ending on the next credit allowance date by (b) the number of days included in the 3-month period beginning on the day after the credit allowance date and ending on the next credit allowance date. See below.

84 days (number of days from March 24 through June 15) = $.913 \times 25\% = 23\%$

92 days (number of days from March 16 through June 15)

You would enter 48% computed as follows.

Credit allowance date	%
June 15, 2008	23
September 15, 2008	25
	48

Lines 1 and 7, Column (h)

This amount is the income tax credit to the holder of a CREB or GTCB.

Lines 2 and 8

Interest Income

The current year credit on lines 2 and 8 is deemed to be a payment of qualified stated interest (as defined in Regulations section 1.1273-1(c)) and as such is treated as taxable interest income paid on the credit allowance date. If the holder is on the accrual method, the holder must accrue the credit amount as taxable interest income on the credit allowance date.

If a holder of a CREB or GTCB sells the bond between credit allowance dates, part of the sales price is treated as accrued interest to the date of the sale and must be reported as interest income. If a holder purchases a bond between credit allowance dates, the interest accrued as of the date of the purchase (as reflected in the purchase price) is not included as interest when the purchaser receives the value of the credit (and the deemed payment of interest) on the next credit allowance date. Instead, the payment of the deemed interest is treated as a return of capital to the extent of the accrued interest at the time of purchase and reduces the holder's basis in the bond.

Lines 5 and 11

Estates and trusts. Allocate the CREB credit or the GTCB credit on line 4 or line 10 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries share on line 5 or line 11.

Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit.

Line 16f

If you are filing Form 3800, General Business Credit, enter the credit from Form 3800. Also include any credit from:

- Form 8844, Empowerment Zone and Renewal Community Employment Credit,
- Form 5884, Work Opportunity Credit,
- Form 6478, Credit for Alcohol Used as Fuel,
- Section B of Form 8835, Renewable Electricity, Refined Coal, and Indian Coal Production Credit, or
- Form 8846, Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips.

Lines 18 and 20

If you do not have an entry space for these credits on your tax return, enter the allowable credit on the "Total credits" line with the notation "CREB" or "GTCB."

If you cannot use all of the credit from Part I because of the tax liability limit (for example, line 18 is smaller than line 4), you can deduct the unused credit for the current tax year. However, you can choose to deduct the unused credit in the next tax year instead of the current tax year.

Because a current year deduction may further reduce the tax liability limit, you may need to refigure the tax liability limit and the unallowed credit. Refigure the unallowed credit until it equals the deduction. It may be necessary to use the "trial and error" method.

Limitation on credit from pass-through entities. For a CREB or GTCB from a pass-through entity (partnership, S corporation, estate, or trust), the credits on line 3 and line 9 are limited to the amount of tax attributable to your taxable income from your interest in the pass-through entity generating the credit. Figure the credit limitation separately for each interest in a pass-through entity using the following formula:

$$\text{Line 17 x } \frac{\text{Taxable income attributable to your interest in the pass-through entity}}{\text{Your taxable income for the year}}$$

If in the current tax year you had no taxable income attributable to a particular interest in a pass-through entity, you cannot claim any CREB or GTCB credit this year for that interest.

All taxpayers (other than estates and trusts). For line 18, add the line 3 credits separately figured for each interest in a pass-through entity (as limited by the formula above for each such interest) to the total credit on line 2. Enter on line 18 the smaller of this result or the amount on line 17. For line 20, add the line 9 credits separately figured for each interest in a pass-through entity (as limited by the formula above for each such interest) to the total credit on line 8. Enter on line 20 the smaller of this result or the amount on line 19.

Estates and trusts. For line 18, add the line 3 credits (excluding any amount allocated to beneficiaries) separately figured for each interest in a pass-through entity (as limited by the formula above for each such interest) to

the total credit on line 2 (excluding any amount allocated to beneficiaries). Enter on line 18 the smaller of this result or the amount on line 17. For line 20, add the line 9 credits (excluding any amount allocated to beneficiaries) separately figured for each interest in a pass-through entity (as limited by the formula above for each such interest) to the total credit on line 8 (excluding any amount allocated to beneficiaries). Enter on line 20 the smaller of this result or the amount on line 19.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping . . . 10 hr., 31 min.

Learning about the law or the form 35 min.

Preparing and sending the form to the IRS. 48 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.