



2008 Recycle Credit/Deduction
15-32-603 and 15-32-610, MCA

MONTANA
RCYL
Rev. 10-08

Name
Address
City, State, Zip
SSN or FEIN
Business name (if different from above)
Check one [] C corporation [] S corporation [] Partnership [] Sole proprietorship

Part I - Qualifications

- 1. Was the qualifying machinery/equipment purchased on or after the first day of the current taxable year and before the last date of the current taxable year?
2. Was the machinery/equipment located and operating in Montana on the last day of the taxable year for which the credit is claimed?
3. Is the machinery/equipment used in Montana to produce energy from reclaimed material?
4. If you answer "No" to all of the following questions (a., b. and c.), you do not qualify.
a. Is the machinery/equipment used in Montana primarily for collections or processing reclaimed material?
b. Is the machinery/equipment used in Montana primarily for the manufacturing of finished products from reclaimed materials?
c. Is the machinery/equipment used to treat soils contaminated by hazardous wastes?

Part II - For equipment used in Montana

- 1. Type and purpose of equipment
2. Date of purchase (A copy of sales receipt is required.)
3. Cost of equipment (the total cost of equipment in Part II and Part III may not exceed \$1,000,000)
4. Computation of credit (multiply the cost of the equipment by the following percentages):
Multiply the first \$250,000 by 25% (0.25)
Multiply the next \$250,000 by 15% (0.15)
Multiply the next \$500,000 by 5% (0.05)
Total Credit

Part III - For qualifying specialized mobile equipment used in and out of Montana

- 1. Type and purpose of equipment
2. Date of purchase (A copy of sales receipt is required.)
3. Cost of equipment (the total cost of equipment in Part II and Part III may not exceed \$1,000,000)
4. Number of days used in Montana
5. Total days used for the year
6. Divide amount on line 4 by amount on line 5
7. Computation of credit:
Multiply the ratio on line 6 by 25% (0.25) then multiply the first \$250,000 of line 3
Multiply the ratio on line 6 by 15% (0.15) then multiply the next \$250,000 of line 3
Multiply the ratio on line 6 by 5% (0.05) then multiply the next \$500,000 of line 3
Total Credit

8. Total Credit Available (amount from Part II, line 4 and/or Part III, line 7). Enter this amount on Form 2, Schedule V, for individuals; Form CLT-4, Schedule C, for C corporations; or Schedule II for partnerships and S corporations.
Amount of credit may not exceed tax liability.

Part IV - Deduction for purchase of recycled material

- 1. Type of recycled material purchased
2. Cost of recycled material
3. Multiply the amount on line 2 by 10% (0.10) and enter the result here. This is the amount of your additional deduction. Enter on Form 2, Schedule II, for individuals; Form CLT-4, page 3, line 3c, for C corporations; Form CLT-4S, line 16b, for S corporations; and Form PR-1, line 17b, for partnerships.

Definitions

“Collect” is the collection and delivery of reclaimed materials to a recycling or reclaimable materials processing facility.

“Machinery or equipment” is property having a depreciable life of more than one year. The machinery or equipment collects or processes reclaimable material or is used in the manufacturing of a product from reclaimed material.

“Reclaimable material” is material that has useful physical or chemical properties after serving a specific purpose and that is normally disposed of as solid waste by a consumer, processor or manufacturer. Material may not be considered reclaimed by the consumer, processor or manufacturer that generated the material.

“Recycled material” is a substance that is produced from reclaimed material. Reclaimed material collected, processed or used to manufacture a product may not be an industrial waste generated by the person claiming the tax credit.

Instructions For Recycling Credit

This credit is available to C corporations, S corporations, partnerships and individuals that qualify.

The tax credit is available only for the procurement of machinery and/or equipment that is depreciable (defined in IRS Code Section 167). The machinery and/or equipment must be used in Montana, primarily for the collection or processing of reclaimable material or in the manufacturing of finished products from reclaimed material or to treat soils contaminated by hazardous wastes.

The basis for the credit is generally the cost of the property before consideration of trade-in equipment. An exception: the basis shall be reduced by any trade-in upon which this credit has previously been taken. This includes the purchase price, transportation cost (if paid by the purchaser) and the installation cost before depreciation or other reductions. This credit does not increase or decrease the basis for tax purposes.

Recycling machinery and/or equipment must be located and operating in Montana on the last day of the taxable year for which the credit is claimed. The machinery or equipment must be used to collect, process, separate, modify, convert or treat solid waste into a product that can be used in place of a raw material for productive use or to treat soils contaminated by hazardous wastes. This does not include transportation equipment unless it is

specialized to the point that it can only be used to collect and process reclaimable material.

The owners of a small business corporation or partnership must prorate the credit in the same proportion as their ownership in the business, unless an agreement states otherwise.

Only a taxpayer that owns an interest either directly or through a pass-through entity, such as a partnership or S corporation, and is operating the equipment as the primary user on the last business day of the year, may claim the credit.

The credit is limited to the amount of the taxpayer’s individual or corporation tax liability. Any excess credit is not refundable, nor can it be carried back or forward to other tax years.

The Department of Revenue may disallow a credit resulting from a sale or lease when the overriding purpose of the transaction is not to collect or process reclaimable material or manufacture a product from reclaimed material.

The credit may not be claimed for an investment in property used to produce energy from reclaimed material.

Instructions for Recycling Deduction

A taxpayer may deduct an additional amount equal to 10% of the taxpayer’s expenditures for the purchase of recycled material that was otherwise deductible by the taxpayer as business-related expense in Montana.

When claiming this credit, please attach a completed copy of this form to your Montana return when filed.

If you have questions, please call us toll free at (866) 859-2254 (in Helena, 444-6900). ☎

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.