

▶ See instructions on pages 3 and 4.
▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Part I Current Year Credit

1a Current year investment credit (Form 3468)	1a	
b Current year work opportunity credit (Form 5884)	1b	
c Current year welfare-to-work credit (Form 8861)	1c	
d Current year credit for alcohol used as fuel (Form 6478)	1d	
e Current year credit for increasing research activities (Form 6765)	1e	
f Current year low-income housing credit (Form 8586)	1f	
g Current year enhanced oil recovery credit (Form 8830)	1g	
h Current year disabled access credit (Form 8826)	1h	
i Current year renewable electricity production credit (Form 8835, Section A only)	1i	
j Current year Indian employment credit (Form 8845)	1j	
k Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846)	1k	
l Current year orphan drug credit (Form 8820)	1l	
m Current year new markets credit (Form 8874)	1m	
n Current year credit for small employer pension plan startup costs (Form 8881)	1n	
o Current year credit for employer-provided child care facilities and services (Form 8882)	1o	
p Current year biodiesel fuels credit (Form 8864)	1p	
q Current year low sulfur diesel fuel production credit (Form 8896)	1q	
r Current year credit for contributions to selected community development corporations (Form 8847)	1r	
s Current year trans-Alaska pipeline liability fund credit (see instructions)	1s	
t Current year general credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1t	
2 Current year credit. Add lines 1a through 1t	2	
3 Passive activity credits included on line 2 (see instructions)	3	
4 Subtract line 3 from line 2	4	
5 Passive activity credits allowed for 2004 (see instructions)	5	
6 Carryforward of general business credit to 2004. See instructions for the schedule to attach	6	
7 Carryback of general business credit from 2005 (see instructions)	7	
8 Current year credit. Add lines 4 through 7	8	

Part II Allowable Credit

9 Regular tax before credits (see instructions)	9	
10 Alternative minimum tax (see instructions)	10	
11 Add lines 9 and 10	11	
12a Foreign tax credit	12a	
b Credits from Form 1040, lines 47 through 53	12b	
c Possessions tax credit (Form 5735, line 17 or 27)	12c	
d Credit for fuel from a nonconventional source	12d	
e Qualified electric vehicle credit (Form 8834, line 20)	12e	
f Add lines 12a through 12e	12f	
13 Net income tax. Subtract line 12f from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18	13	
14 Net regular tax. Subtract line 12f from line 9. If zero or less, enter -0-	14	
15 Enter 25% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions)	15	
16 Tentative minimum tax (see instructions)	16	
17 Enter the greater of line 15 or line 16	17	
18 Subtract line 17 from line 13. If zero or less, enter -0-	18	
19 Credit allowed for the current year. Enter the smaller of line 8 or line 18 here and on Form 1040, line 54; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 19 is smaller than line 8, see instructions. Individuals, estates, and trusts: See instructions if claiming the research credit. C corporations: See Schedule A if claiming any regular investment credit carryforward and the line 19 instructions if there has been an ownership change, acquisition, or reorganization	19	

Schedule A—Additional General Business Credit Allowed by Internal Revenue Code Section 38(c)(2) (Before Repeal by the Revenue Reconciliation Act of 1990)—Only Applicable to C Corporations

A corporation (other than an S corporation) may be entitled to a larger general business credit or additional credit against the AMT if: **(a)** it is claiming a regular investment credit carryforward on line 6 attributable, in whole or in part, to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990), **(b)** some of that investment credit cannot be used because line 18 is smaller than line 8, **and (c)** it is required to file **Form 4626**, Alternative Minimum Tax—Corporations. Complete Schedule A to see if the corporation is entitled to an additional credit.

20	Enter the portion of the credit shown on line 6 that is attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990)	20		
21	Tentative minimum tax (from line 16)	21		
22	Multiply line 21 by 25% (.25)	22		
23	Enter the amount from line 18	23		
24	Enter the portion of the credit shown on line 8 that is not attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990)	24		
25	Subtract line 24 from line 23. If zero or less, enter -0-	25		
26	Subtract line 25 from line 20. If zero or less, enter -0-	26		
27	For purposes of this line only, refigure the amount on Form 4626, line 10, by using zero on Form 4626, line 6, and enter the result here	27		
28	Multiply line 27 by 10% (.10)	28		
29	Net income tax (from line 13)	29		
30	Enter the amount from line 19	30		
31	Subtract line 30 from line 29	31		
32	Subtract line 28 from line 31	32		
33	Enter the smallest of line 22, line 26, or line 32	33		
34	Subtract line 33 from line 21	34		
35	Enter the greater of line 15 or line 34	35		
36	Subtract line 35 from line 29. Also enter this amount on line 19 instead of the amount previously figured on that line. Write "Sec. 38(c)(2)" next to your entry on line 19	36		

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping16 hr., 15 min.

Learning about the law or the form 1 hr., 23 min.

Preparing and sending the form to the IRS . . . 1 hr., 42 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.

Section references are to the Internal Revenue Code.

General Instructions

What's New

The American Jobs Creation Act of 2004 created two new general business credits.

1. The biodiesel fuels credit, effective for fuel sold or used, after 2004; and
2. The low sulfur diesel fuel production credit, effective for expenses paid or incurred after 2002.

See new Forms 8864 and 8896 respectively for information on how to claim these credits.

Also, the new law expanded the credit for the use of certain qualifying resources at certain qualifying facilities. See Form 8835 for details on the new resources and facilities and how to compute the credit.

Who Must File

You must file Form 3800 if any of the following apply.

1. You have more than one of the credits listed on lines 1a through 1t.
2. Any of those credits (other than the low-income housing credit) is from a passive activity, or you have a carryback or carryforward of any of those credits.

3. You are claiming the trans-Alaska pipeline liability fund credit or general credits from an electing large partnership.

If you are not required to file Form 3800, file only the applicable credit form listed on lines 1a through 1r.

The general business credit includes the following:

1. The credits listed on lines 1a through 1t,
2. The empowerment zone and renewal community employment credit (Form 8844),
3. The New York Liberty Zone business employee credit (Form 8884), and
4. The portion of the renewable electricity and refined coal production credit figured in Section B of Form 8835.

The credits associated with items 2-4 have special tax liability limits and are not reported on Form 3800. Any carryback, carryforward, and passive activity limitation of these credits is computed separately on the forms on which they are claimed, and not on Form 3800.

Carryback and Carryforward of Unused Credit

If you cannot use part or all of the credit because of the tax liability limit (line 19 is less than line 8), carry the unused credit back one tax year. To carry back an unused credit, file an amended return (Form 1040X, 1120X, or other amended return) for the prior tax year or an application for tentative refund (Form 1045, Application for Tentative Refund, or Form 1139, Corporation Application for Tentative Refund). Generally, if you file an application for a tentative refund, it must be filed by the end of the tax year following the tax year in which the credit arose.

If you have an unused credit after carrying it back, carry it forward to each of the 20 tax years after the year of the credit. Any qualified business credits (as defined in section 196(c)) that are unused after the last tax year of the 20-year carryforward period (or at the time an individual taxpayer dies or other taxpayer, such as a corporation or partnership, ceases to exist) may be taken as a deduction in the earlier of:

- The tax year following the last tax year of the 20-year carryforward period or
- The tax year in which the individual taxpayer dies or other taxpayer ceases to exist.

For purposes of this special deduction, only half of the following credits may be taken into account: **(a)** unused investment credit (other than a credit to which section 48(q)(3) applies as in effect prior to repeal by the Revenue Reconciliation Act of 1990) and **(b)** unused credit for increasing research activities.

Change in Filing or Marital Status

Your general business credit is limited to your tax liability. Therefore, if you filed a joint return in a carryback or carryforward year and your marital status or filing status has changed, you may need to figure your separate tax liability in that carryback or carryforward year. This would apply if:

- You filed as single in the credit year, but filed a joint return in the carryback or carryforward year;
- You filed a joint return in the credit year, but filed a joint return with a different spouse in the carryback or carryforward year; or
- You were married and filed a separate return in the credit year, but filed a joint return with the same or a different spouse in the carryback or carryforward year.

Determine your separate tax liability in the carryback or carryforward year as follows.

1. Figure your tax for the carryback or carryforward year as though you were married filing a separate return.
2. Figure your spouse's tax in that year as though he or she was married filing a separate return.
3. Add the amounts in steps 1 and 2.
4. Divide the amount in step 1 by the amount in step 3. The result should be rounded to at least three decimal places.
5. Multiply the decimal in step 4 by the total tax shown on your joint return for the carryback or carryforward year. The result is your separate tax liability and a carryback or carryforward credit is applied against this amount only.

Although your carryback or carryforward of the credit is limited to your separate tax liability, the amount of your refund resulting from the carryback or carryforward is further limited to your share of the joint overpayment. This is found by subtracting your separate tax liability (as determined above) from your contribution toward the payment.

Unless you have an agreement or clear evidence of each spouse's contribution toward the payment of the joint liability, your contribution includes the tax withheld on your wages and your share of the joint estimated tax or tax paid with the return. Your share of these payments is found by using the same formula used in determining your separate tax liability. Substitute the joint estimated tax, or tax paid with the return, for the tax in step 5. If the original return for the carryback year resulted in an overpayment, reduce your contribution by your share of the refund.

Attach a copy of the computation to your amended return or application for tentative refund.

Credit Ordering Rule

General business credits reported on Form 3800 are treated as used on a first-in, first-out basis by offsetting the earliest-earned credits first. Therefore, the order in which the credits are used in any tax year is:

- Carryforwards to that year, the earliest ones first,
- The general business credit earned in that year, and
- The carryback to that year.

When relevant, the components of the general business credit reported on Form 3800 arising in a single tax year are used in the following order.

- Regular investment credit.
- Rehabilitation investment credit.
- Energy investment credit.
- Reforestation investment credit.
- Work opportunity credit (including any jobs credit carryforward).
- Welfare-to-work credit.
- Credit for alcohol used as fuel.
- Credit for increasing research activities.
- Low-income housing credit.
- Enhanced oil recovery credit.
- Disabled access credit.
- Renewable electricity production credit.
- Indian employment credit.
- Credit for employer social security and Medicare taxes paid on certain employee tips.
- Orphan drug credit.
- New markets credit.
- Credit for small employer pension plan startup costs.
- Credit for employer-provided child care facilities and services.
- Biodiesel fuels credit.
- Low sulfur diesel fuel production credit.
- Credit for contributions to selected community development corporations.
- Trans-Alaska pipeline liability fund credit.
- General credits from an electing large partnership.

Although these credits are aggregated on Form 3800, keep a separate record of each credit to ensure that no credits or deductions are squandered or duplicated.

Specific Instructions

Part I—Current Year Credit

Lines 1a–1r

Complete only Part I of the appropriate credit forms to figure your current year credits. Enter the current year credit on the applicable entry spaces and attach the credit forms to your return.

Line 1s

Attach a statement showing how you figured the section 4612(e) credit.

Line 1t

Enter the total of the amounts shown in box 7 of the Schedules K-1 (Form 1065-B) you received from electing large partnerships.

Line 3

Enter the credits included on line 2 that are from passive activities. Generally, a passive activity is a trade or business in which you did not materially participate. Generally, rental activities are passive activities, whether or not you materially participate. See Form 8582-CR, Passive Activity Credit Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, for details.

Line 5

Enter the passive activity credit allowed from Form 8582-CR or Form 8810. See the instructions for the applicable form for details.

Line 6

Add all carryforwards to 2004 of unused credits that are reported on Form 3800.

For each credit, attach a detailed computation showing (a) the tax year the credit originated, the amount of the credit, and the amount allowed for that year; (b) for each carryback year, the year and the amount of the credit allowed after you applied the carryback; and (c) for each carryforward year, the year and the amount of the credit allowed after you applied the carryforward.

You must reduce by 35% the portion of the business credit carryforward attributable to sections 46(a)(1) regular investment credit and 46(b)(2)(C) and (D) business energy investment credit (as in effect prior to the repeal of these three sections by the Revenue Reconciliation Act of 1990). Include the reduced credit on line 6. Do not reduce any portion of the credit attributable to qualified timber property. If you cannot use all of the reduced credit

because line 18 is less than line 8, carry forward to your next tax year in the carryforward period the unused portion of the credit and a corresponding portion of the 35% reduction. For example, if you are able to use only half of the credit in 2004, carry forward the other half of the credit and half of the 35% reduction.

Line 7

Use line 7 only when you amend your 2004 return to carry back unused credits from 2005.

Line 8

If this line is zero, skip Part II.

Part II—Allowable Credit

Line 9

Enter the regular tax before credits from the appropriate form or schedule.

- Individuals: Form 1040, line 43.
- Corporations: Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your tax return.
- Estates and trusts: The sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your tax return.

Corporations filing Form 8895, Section 965(f) Election for Corporations That Are U.S. Shareholders of a Controlled Foreign Corporation, must reduce the amount otherwise reported as regular tax before credits on line 9 (or on the comparable line of any other general business credit form) by the tax attributable to nondeductible controlled foreign corporation (CFC) dividends.

Line 10

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals: Form 6251, line 35.
- Corporations: Form 4626, line 14.
- Estates and trusts: Form 1041, Schedule I, line 56.

Line 15

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 16

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the

appropriate AMT form or schedule and enter on line 16 the TMT from the following line of that form or schedule.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I, line 54.

Line 19

If line 19 is smaller than line 8, see *Carryback and Carryforward of Unused Credit* on page 3.

Individuals, estates, and trusts. The amount of the research credit that may be included on line 19 is limited to the amount of tax attributable to your taxable income from the sole proprietorship or your interest in the partnership, S corporation, estate, or trust (pass-through entity) generating the credit. Figure the research credit limitation separately for each business enterprise by using the following formula:

$$(\text{Line 13} - \text{line 15}) \times \frac{\text{Taxable income attributable to the sole proprietorship or your interest in the pass-through entity}}{\text{Your taxable income for the year}}$$

The result figured above is limited to the excess of line 13 over line 15. If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business.

If your research credit is limited by the above formula, refigure the amount to enter on line 19 using only the total of the amount calculated above for the research credit plus the general business credit from other sources. If necessary, follow the *Credit Ordering Rule* on page 3, and take into account any passive activity credit limitations. Write "Sec. 41(g)" on the dotted line next to your entry on line 19.

Corporations. If the corporation has undergone a post-1986 "ownership change" (as defined in section 382(g)), section 383 may limit the amount of tax that may be offset by pre-change general business credits. Also, if a corporation acquires control of another corporation (or acquires its assets in a reorganization), section 384 may limit the amount of tax attributable to recognized built-in gains that may be offset by pre-acquisition general business credits. If either of these limitations apply, attach a computation of the allowable general business credit, enter the amount on line 19, and write "Sec. 383" or "Sec. 384" in the margin next to your entry on line 19.

