

2012

Instructions for Form 1097-BTC



Department of the Treasury
Internal Revenue Service

Bond Tax Credit

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

What's New

Form changes. The 2012 Form 1097-BTC was redesigned. Boxes were added to report the total amount of credits distributed, a unique identification number, bond type, a code to indicate the unique identification number type, and monthly allowable credits. Credit reporting to recipients is required on a quarterly basis, although reporting on a monthly basis, if or as needed, is recommended.

Future developments. The IRS has created a page about Form 1097-BTC and its instructions at www.irs.gov/form1097btc. Information about any future developments affecting Form 1097-BTC (such as legislation enacted after we release it) will be posted on that page.

Reminder

In addition to these specific instructions, you should also use the 2012 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

Specific Instructions

Issuers of certain tax credit bonds (or their agents) must file Form 1097-BTC for each tax credit distributed from the following tax credit bonds.

- New clean renewable energy bonds.
- Qualified energy conservation bonds.
- Qualified zone academy bonds.
- Qualified school construction bonds.
- Clean renewable energy bonds.
- Build America bonds (Tax Credit).

For tax credit bonds issued as serial bonds, each bond must be reported separately on the Form 1097-BTC issued by the bond issuer or its agent.

Note. Issuers that have elected to issue build America bonds (Direct Pay) under section 54AA(g) or specified tax credit bonds under section 6431(f) to receive a refundable credit under section 6431(a) in lieu of tax credits under section 54A should not file Form 1097-BTC.

Definitions

Tax credit bond. Generally a tax credit bond is an obligation issued under sections 54, 54A, 54AA, 1397E, or 1400N(I) that entitles the taxpayer holding such bond on one or more credit allowance dates occurring during any tax year to a credit against the federal income tax imposed for that tax year.

Qualified tax credit bond. Qualified tax credit bonds under section 54A include new clean renewable energy bonds under section 54C, qualified energy conservation bonds under section 54D, qualified zone academy bonds under section 54E, and qualified school construction bonds under section 54F.

New clean renewable energy bond. An obligation that is part of an issue 100 percent of the available project proceeds of which are to be used for capital expenditures incurred by governmental bodies, public power providers, or cooperative electric companies for one or more qualified renewable energy facilities, as defined in section 54C. The annual credit determined under section 54A(b) is 70% of the credit amounts allowed.

Qualified energy conservation bond. An obligation that is part of an issue 100 percent of the available project proceeds of which are to be used for one or more qualified energy conservation purposes, as defined in section 54D. The annual credit determined under section 54A(b) is 70% of the credit amounts allowed.

Qualified zone academy bond. An obligation that is part of an issue 100 percent of the available project proceeds of which are to be used for a qualified purpose for a qualified zone academy established by an eligible local education agency, as provided in section 54E, or an obligation that is part of an issue 95 percent or more of the proceeds of which are to be so used and issued before October 4, 2008, as provided by section 1397E.

Qualified school construction bond. An obligation that is part of an issue 100 percent of the available project proceeds of which are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with the proceeds, as provided in section 54F.

Clean renewable energy bond. An obligation that is part of an issue 95 percent of the proceeds of which are used for capital expenditures incurred by qualified borrowers for one or more qualified projects as defined in section 54.

Build America bond (Tax Credit). An obligation issued by a state or local government (excluding private activity bonds under section 141) as defined in section 54AA(d).

Who Must File

File Form 1097-BTC, Bond Tax Credit, for each person who is allowed a tax credit as a holder, directly or indirectly, of a tax credit bond or a stripped credit coupon on one or more credit allowance dates during the calendar year in an amount of at least \$10. Filings of Form 1097-BTC with respect to a bond, by the issuer or the issuer's agent, must be made on a separate Form 1097-BTC for each bond. Recipients of Form 1097-BTC from the bond issuer or agent, such as mutual funds or partnerships, who are further distributing the credit must file only one Form 1097-BTC per recipient or account, aggregating credit from all applicable bonds.

The tax credit from tax credit bonds or stripped credit coupons is allowed on each credit allowance date for which the bond was outstanding or to which the stripped credit coupon corresponds. For qualified tax credit bonds and clean renewable energy bonds the credit allowance dates are March 15, June 15, September 15, December 15, and the last day on which the bond is outstanding. For bonds issued during the 3-month period ending on a credit allowance date, the amount of the credit is determined ratably based on the portion of the 3-month period during which the bond is outstanding. The same ratable determination of credit applies when a bond is redeemed or matures. For build America bonds (Tax Credit), the credit allowance dates are the interest payment dates. For qualified zone academy bonds issued before October 4, 2008, the credit allowance date is the last day of the 1-year period beginning on the issue date of the bond and each anniversary of such day thereafter.

The tax credit allowed to holders of any tax credit bonds or stripped credit coupons is treated as interest which is included

in gross income and must be reported as interest income on a Form 1099-INT or Form 1099-OID, as applicable. For more information on reporting the tax credit treated as interest income as paid from tax credit bonds, see the Instructions for Forms 1099-INT and 1099-OID.

When to File

File Copy A of Form 1097-BTC with the IRS by February 28, 2013 (April 1, 2013, if filed electronically). See *Statement to Recipient*, below, for furnishing statements to recipients.

Penalties for Failure To File

There are penalties for failure to file correct information returns by the due date and for failure to furnish correct payee statements. See part O in the 2012 General Instructions for Certain Information Returns for details. The failure to file Forms 1097-BTC also includes the requirement to file electronically. For more information on penalties for failure to file electronically, see part F in the 2012 General Instructions for Certain Information Returns.

Statement to Recipient

If required to file Form 1097-BTC, you must provide a statement to the recipient quarterly for each credit amount indicated on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the credit was allowed. Do not furnish Copy B of this form to the recipient for the fourth quarter. Instead, report fourth quarter credit on Copy B that includes the credits for each month of the 2012 calendar year and the aggregate total for the year by February 15, 2013.

For the first three quarters, report to the recipient only the amounts for the months of the applicable quarter. Box 1 should not be reported and boxes 2a, 2b, and 6 are optional.

You are not required to furnish a report solely for the fourth quarter because the fourth quarter amounts are reported with the annual filing. For the annual filing, report the credits for each month in boxes 5a–5l; the total of those amounts in box 1; and complete the rest of the form as applicable. If any amounts previously furnished for the first three quarters need to be corrected, report the correct amounts for the annual reporting and explain the correction to the recipient; no explanation is required for the IRS filing.

For the report furnished to the recipient (quarterly or annual), you may use Copy B or your own substitute statement reporting all the same applicable information (the reporting for the first three quarters may be furnished electronically).

The IRS encourages Form 1097-BTC issuers to provide the credit information to the recipient monthly if applicable, and as soon after the end of the month in which a credit arises as possible.

See Publication 1179. For more information about the requirement to furnish a statement to the recipient, see part M in the 2012 General Instructions for Certain Information Returns.

Initial Issuer. If issuing the initial Form 1097-BTC as an issuer of the bond or its agent, box 2a of the form will always reflect code “C.”

Form 1097-BTC Issuer’s Name, Address, and Telephone Number

Enter the name, street address, city, state, and ZIP code, and telephone number of the entity issuing the Form 1097-BTC.

Enter the entity’s true name (as set forth in the legal documents creating it). Enter the address of the entity’s principal office or place of business. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the entity has a P.O. box, show the box number instead.

Note. Do not use the address of the registered agent for the state in which the entity is incorporated. For example, if a business is incorporated in Delaware or Nevada and the corporation’s principal office is located in Little Rock, AR, the corporation should enter the Little Rock address.

If the entity receives its mail in care of a third party (such as an accountant or an attorney), enter for the street address “C/O” followed by the third party’s name and street address or P.O. box.

Form 1097-BTC Issuer’s Federal Identification Number

Enter the Form 1097-BTC Issuer’s federal identification number, such as an employer identification number (EIN). An issuer that does not have an EIN should apply for one. See Form SS-4, Application for Employer Identification Number.

Recipient’s Federal Identification Number

Enter the federal identification number, such as an EIN or social security number, of the recipient of the distributed (or stripped) credit from the tax credit bond.

Recipient’s Name

Enter the name of the recipient of the distributed (or stripped) credit from the tax credit bond. If not an individual, enter the entity’s true name (as set forth in the legal documents creating it).

Recipient’s Street Address (Including Apt. No.)

Enter the street address, city, state, and ZIP code of the recipient’s principal office or place of business. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the entity has a P.O. box, show the box number instead.

Note. Do not use the address of the registered agent for the state in which the recipient is incorporated.

If the recipient receives its mail in care of a third party (such as an accountant or an attorney), enter for the street address “C/O” followed by the third party’s name and street address or P.O. box.

Check, as applicable, whether you are the issuer of the bond or its agent filing the initial 2012 Form 1097-BTC for the bond or are an entity or a person that received a 2012 Form 1097-BTC for credit(s) that was or should have been reported.

Box 1. Total

Enter the total amount of credits distributed to the recipient with respect to the amounts reported in boxes 5a–5l.

This box should be only filled out when Copy B of the form is sent to the recipient. See *Statement to Recipient*, earlier.

Box 2a. Code

Enter the unique identification number code. Enter “A” for account number, “C” for CUSIP number, and “O” if the unique identification number is not an account number or a CUSIP number, such as a self-provided identification number. If you checked the first box under Form 1097-BTC issuer, enter “C”.

Box 2b. Unique Identifier

The unique identification number is assigned by the Form 1097-BTC issuer or its agent and is limited to 39 alphanumeric characters. It can be the account number, CUSIP number, or any other self-provided identification number.

For a bond issuer or its agent filing the 2012 Form 1097-BTC for a bond, the unique identification number must start with the CUSIP number(s) and, may be expanded by the account number or any other self-provided number(s). A recipient of a Form 1097-BTC that issues its own Form 1097-BTC to further distribute the credit may use or devise its own unique identifier using whatever means it deems best.

Box 3. Bond Type

Enter code “101” for clean renewable energy bonds issued under section 54. Enter code “199” for all other bonds.



Multiple bond types can be entered on one Form 1097-BTC, other than clean renewable energy bonds. Credits from clean renewable energy bonds must be reported on a separate Form 1097-BTC.

Box 4.

Reserved.

Boxes 5a–5l.

Enter the amount of credit allowed for each month during the calendar year.

Note. For new clean renewable energy bonds issued under section 54C and qualified energy conservation bonds, report the credit amount after the 70% limit has been applied.

Box 6. Comments

Enter any additional information.