RI-3468

Computation of Investment Tax Credit

Period ending _____ , 2011

2011

File with your Form RI-1120. Please read instructions on back.

Please print or type

NAME	IDENTIFICATION NUMBER AS SHOWN ON PAGE 1 OF THE TAX RETURN	U.S. Business Code Number
ADDRESS		
CITY STATE ZIP		

Description of Property	Date Placed in Service	Date Acquired	Life	Cost	% Qualifying	Basis for Credit

1. Total..... _____
2. Investment Tax Credit (10% of Line 1 for Qualified Taxpayer acquisitions made on or after 1/1/1998 to include Qualified leases; 4% for buildings and other structural components placed in service after 12/31/1993)..... _____
3. Unused Investment Tax Credit from preceding year(s) (attach schedule)..... _____
4. Total Investment Tax Credit (line 2 plus line 3)..... _____
5. Tax minus allowable federal credits (Form RI-1120C, page 1, line 13) ..... _____
6. Minimum Tax ($500.00 for years starting 1/1/2004 and thereafter)..... _____
7. Maximum Investment Tax Credit (50% of Line 5 for Qualified costs after 12/31/1997; All others Line 5 less Line 6). _____
8. Investment Tax Credit Allowable (Lesser of line 4 or line 7) Carry to Form RI-1120C, page 2, schedule D, line 14A. _____

Instructions for RI-3468

1. For taxable years beginning on or after July 1, 1974, Section 31 of Chapter 44 of the Rhode Island General Law allows an investment tax credit of two percent (2%) of the cost or other basis used for federal income tax purposes on certain property. Provided, however, the amount of the credit shall be four percent (4%) of the cost or other basis for federal income tax purposes of tangible personal property and other tangible property, including buildings and other structural components of buildings that are acquired, constructed, reconstructed or erected after December 31, 1993. For taxable years ending on or after 1/1/1998 the credit is (10%) for certain tangible personal property and other tangible property, excluding buildings and structural components of buildings, motor vehicles and furniture, which are acquired after 1/1/1998. To qualify for such credit the items must (a) be depreciable pursuant to Sec. 179 (d) thereof, (b) have a useful life of 4 years or more, (c) have a situs in this state and (d) be principally used by the taxpayer in the production of goods by manufacturing, processing or assembling.

2. The items listed in this schedule should be in such form as will present an accurate statement. Complete details substantiating the amounts shown must be made available on request.

3. At the election of the taxpayer, an investment tax credit may be allowed on otherwise qualifying property in lieu of elective deductions on facilities qualifying as: (a) Air and water pollution control facilities and (b) Research and Development facilities.

4. If the property is disposed of or ceases to be in qualified use during the **INITIAL** taxable year, the credit allowed is 2%, 4% or 10% of the cost or other basis of the property multiplied by a fraction the numerator of which is the months of qualified use during the year of purchase and the denominator of which is the total months of useful life (submit rider for such items).

5. Credit may not be claimed on property leased to or from others, unless such lease is treated for federal income purposes as an installment purchase rather than a lease.

6. The total credit may not reduce the tax for any year to less than $500.00 starting with years beginning 1/1/2004 and thereafter. Investment tax credit may be carried forward for **seven** years for amounts unused.

7. If property is disposed of or ceases to be in qualified use other than the initial taxable year, the difference between the credit taken and the credit allowed for actual use must be added back in the year of disposition on the appropriate line of tax form RI-1120 and not on this form. A taxpayer may not reduce the amount of tax liability created by a recapture of investment tax credit by investment tax credits allowed for the year in which the asset is disposed of, nor can it be reduced by any carryover of investment tax credit to that year. The recapture is the tax credit taken on property ceasing to qualify multiplied by a fraction the numerator of which is the useful life of property in months less the qualified use in months and the denominator is the useful life of the property in months.

   For example, qualified property is purchased by a calendar year taxpayer on 1/1/1975 for $100,000.00 and has a useful life of 10 years (120 months) for federal depreciation purposes. The credit taken for 1975 is 2% of $100,000.00 or $2,000.00. If it is disposed of or traded in on 12/31/1980 after being used for 6 years (72 months), $800.00 of the credit originally taken must be added back for 1980, since the asset was disposed of while it still had 4 years (48 months) of useful life remaining at 40%.

$$\$2{,}000.00 \times \frac{120-72}{120} = \$800.00$$

(Submit rider for such items)

A recapture of a portion of the investment tax credit is required where property on which a credit has been allowed is disposed of or ceased to be in qualified use except: (a) where property was in qualified use for its entire useful life, or (b) where property was in qualified use for more than twelve consecutive years.

10% ITC - If you qualify for the 10% investment tax credit, you must submit a copy of your 10% ITC Certification from the Department of Labor and Training.

Credit carryover - If you have unused credit from prior years, you must attach a schedule detailing the amount of credit earned, the year the credit originated, and the amount of credit used.