



## 2007 Oil Seed Crushing and Biodiesel/Biolubricant Production Facilities Credit

15-32-701 and 15-32-702, MCA

Name (as it appears on your tax return) \_\_\_\_\_

Your Social Security Number or Federal Employer Identification Number \_\_\_\_\_

If this credit is passed-through to you from a partnership or S corporation, enter below the name of the partnership or S corporation, FEIN and your percentage of ownership in the partnership or S corporation.

Name \_\_\_\_\_ FEIN \_\_\_\_\_ % of Ownership \_\_\_\_\_

### Part I: Oilseed Crushing Facility Credit

Please enter the date that you began crushing oilseed \_\_\_\_\_

In order to qualify for the oilseed crushing facilities credit, you must answer "Yes" to both of the following questions. If you answer "No" to one or both of these questions, you do not qualify for this credit.

1. Is the machinery or equipment located in Montana used primarily to crush oilseed to be used in the production of biodiesel or biolubricant? .....  Yes  No
2. Did you crush oilseed or manufacture a product from the oilseed during the year? .....  Yes  No
3. List the property purchased that qualifies you for this credit. Attach a copy of your invoice that identifies the date purchased, description of the property and the amount you paid for the property.

	Date Purchased	Description of Property		Cost
a.			a.	
b.			b.	
c.			c.	

4. Add lines 3a through 3c above and enter the result here..... 4.
5. Multiply the amount on line 4 by 0.15 (15%) and enter the result here, but not more than \$500,000. This is your Oilseed Crushing Facilities Credit. .... 5.

### Part II: Biodiesel/Biolubricant Production Facility Credit

Please enter the date that you began producing biodiesel or biolubricant \_\_\_\_\_

6. Enter the total cost of constructing a facility used to produce biodiesel/biolubricant. Attach all supporting invoices, contracts, etc. that substantiate these costs..... 6.
7. Enter the total cost of any equipment purchased to operate a facility used to produce biodiesel/biolubricant. Attach all supporting invoices, contracts, etc. that substantiate the cost of this equipment..... 7.
8. Add lines 6 and 7 and enter the result here..... 8.
9. Multiply the amount on line 8 by 0.15 (15%) and enter the result here. This is your Biodiesel/Biolubricant Production Facility Credit..... 9.

### Part III: Combined Oilseed Crushing and Biodiesel/Biolubricant Production Facility Credit

10. Enter the amount of tax credit being carried forward from previous years. (Please attach a schedule showing the years and amount of carryover.) ..... 10.
11. Add the amounts on lines 5, 9 and 10 and enter the result here. This is your combined Oilseed Crushing and Biodiesel/Biolubricant Production Facility credit..... 11.
  - If you are an individual, enter the amount on line 11 above on Form 2, Schedule V, line 11.
  - If you are a C corporation, enter the amount on line 11 above on Form CLT-4, Schedule C, line 20.
  - If you are an S corporation, enter the amount on line 11 above on Form CLT-4S, Schedule II, line 17.
  - If you are a Partnership, enter the amount on line 11 above on Form PR-1, Schedule II, line 17.

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.

## Form OSC General Instructions

### What is “biodiesel”?

Biodiesel is a fuel produced from monoalkyl esters of long-chain fatty acids derived from vegetable oils, renewable lipids, animal fats, or any combination of these ingredients. This fuel must meet the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B-100) Blend Stock for Distillate Fuels, as adopted by the American Society for Testing and Materials.

### What is “biolubricant”?

Biolubricant is a product, other than food or feed, substantially composed of certain biological products, agricultural materials or forestry materials. The product is used in place of a petroleum-based lubricant.

### Oilseed Crushing Facility Credit

#### Am I able to carryover my oilseed crushing facility credit or my biodiesel/biolubricant production facility credit if I cannot absorb the full amount in my first year of production?

Yes, the credits can be carried forward for up to seven years. However, if you are not crushing oil seed or producing biodiesel or biolubricant, you cannot claim any tax credit for that year.

#### Am I subject to recapturing my credit that I previously received if I cease operating my business?

Yes, you are. If you cease operating your business for a period of 12 continuous months, within five years from the year you claimed the credit, you are required to recapture this credit in the year you ceased operations.

#### If my business is a partnership or an S corporation, are my partners or shareholders entitled to the oilseed crushing and biodiesel/biolubricant production facilities credit?

As a partnership or an S corporation, your partners or shareholders are entitled to apply these credits against their income tax or corporate license tax liability. The amount of each partner’s or shareholder’s credit is based on their distributive or pro-rata share of the partnership’s or S corporation’s cost of investing in the specific equipment.

For example, if your business is an S corporation with four shareholders with equal ownership interest, each shareholder would be entitled to 25% of the total credit.

When filing your Montana partnership return, Form PR-1, or your Montana S corporation return, Montana Form CLT-4S report your Oilseed Crushing and Biodiesel/Biolubricant Production Credit on Schedule II, line 17. Include with your return a completed Form OSC and a supplemental schedule identifying each partner or shareholder and their pro-rata share of the credit.

#### I have purchased equipment to begin crushing oilseed but have not completed installation or began crushing the oilseed. Am I eligible for the oilseed crushing facility credit in the year I purchase the equipment?

No, you are not. The investment you have made in the equipment does not allow you to apply for the oilseed crushing facility credit until the first year your facility begins processing oilseed or your facility manufactures a product from oilseed.

**NEW** You may claim a credit for costs incurred in the two years before you began crushing oilseed.

### What cost do I use to calculate my oilseed crushing facility credit?

The cost used to calculate your oilseed crushing facility credit is the amount of the investment that you have made in the specific property used to calculate your depreciation deduction for federal income tax purposes. It does not include the installation cost of the equipment.

### If I am claiming the oilseed crushing facility credit, can I also deduct the annual depreciation on my investment?

Yes, you can. This credit is not in lieu of any depreciation or amortization deduction that you are allowed for your investment.

### What requirements do I have to meet in order to qualify for the oilseed crushing facility credit?

In order for your investment to qualify for this credit the following requirements must be met:

- The property is used primarily to crush oilseed or to manufacture a product from oilseed and is operational before January 1, 2015, and
- You are an individual or entity who as the owner, including a contract purchaser, has a beneficial interest in the business that crushes oilseed or manufactures a product from oilseed, and
- Your business has been processing oilseed or manufacturing a product from oilseed during your tax year.

### Biodiesel Production Facility Credit

#### I am constructing a facility to produce biodiesel/biolubricant. What costs are available to me to be eligible for the biodiesel/biolubricant production facility tax credit?

The costs used to calculate your biodiesel/biolubricant production facilities credit are the costs of investing in depreciated property for constructing or equipping your facility.

**NEW** You may claim a credit for costs incurred in the two years before you began production.

#### If I am claiming the biodiesel/biolubricant production facility credit, can I also deduct the annual depreciation on my investment?

Yes, you can. This credit is not in lieu of any depreciation or amortization deduction that you are allowed for your investment.

### When am I eligible for the biodiesel/biolubricant production facility credit?

You are entitled to the biodiesel/biolubricant production facility credit in a tax year that your facility produces this product. If you are in the process of constructing a facility in one tax year but have not begun processing in the same tax year you are not eligible for this credit until the year your production begins.

### What requirements do I have to meet in order to qualify for the biodiesel/biolubricant production facility credit?

In order for your investment to qualify for this credit, the following requirements must be met:

- The property is used primarily to manufacture biodiesel or biolubricant and is operational before January 1, 2015, and
- You are an individual or entity who as the owner, including a contract purchaser, has a beneficial interest in the business that manufactures biodiesel or biolubricant, and
- Your business has been manufacturing biodiesel or biolubricant during your tax year.

**When am I eligible for the biodiesel production facility credit?**

You are entitled to the biodiesel production facility credit only in the first tax year your facility begins production. If you are in the process of constructing a facility in one tax year but have not begun processing in the same tax year you are not eligible for this credit until the year your production begins.

**What requirements do I have to meet in order to qualify for the biodiesel production facility credit?**

In order for your investment to qualify for this credit, the following requirements must be met:

- The property is used primarily to manufacture biodiesel and is operational before January 1, 2010, and
- You are an individual or entity who as the owner, including a contract purchaser, has a beneficial interest in the business that manufactures biodiesel, and
- Your business has been manufacturing biodiesel during your tax year.

**Am I able to carryover my oilseed crushing facility credit or my biodiesel production facility credit if I cannot absorb the full amount in my first year of production?**

No you are not. There is no carryover provision available for these credits.

**Am I subject to recapturing my credit that I previously received if I cease operating my business?**

Yes you are. If you cease operating your business within 5 years from the year you claimed the credit, you are required to recapture this credit in the year you ceased operations.

**If my business is a partnership or an S. corporation, are my partners or shareholders entitled to the oilseed crushing and biodiesel production facilities credit?**

As a partnership or an S. corporation, your partners or shareholders are entitled to apply these credits against their income tax or corporate license tax liability. The amount of each partner's or shareholder's credit is based on their distributive or pro-rata share of the partnership's or S. corporation's cost of investing in the specific equipment.

For example, if your business is an S. corporation with four shareholders with equal ownership interest, each shareholder would be entitled to 25% of the total credit.

When filing your Montana partnership return, Form PR-1, or your Montana S. corporation return, Montana Form CLT-4S report your Oilseed Crushing and Biodiesel Production Credit on Schedule II, line 17. Include with your return a completed Form OSC and a supplemental schedule identifying each partner or shareholder and their pro-rata share of the credit.