



### 2012 Mineral and Coal Exploration Incentive Credit

15-32-501 through 15-32-509, MCA

Name (as it appears on your Montana tax return)

Social Security Number [ ][ ][ ] - [ ][ ] - [ ][ ][ ][ ][ ]

OR

Federal Employer Identification Number [ ][ ] - [ ][ ][ ][ ][ ][ ][ ][ ]

If this credit was passed through to you from a partnership or S corporation, enter the entity's name, FEIN and the percentage used to report the corporation's or partnership's income or loss for Montana income tax purposes.

Name \_\_\_\_\_ FEIN [ ][ ] - [ ][ ][ ][ ][ ][ ][ ] Percentage \_\_\_\_\_ %

Please provide a description, including location and gross income attributable to the mining operation, for each distinct mining operation qualified for this credit. Please include additional pages, if necessary.

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**Part I. Mineral and Coal Exploration Incentive Credit Calculation.** Complete a column for each distinct mining operation. Please include additional pages, if necessary.

		Column A	Column B	Column C
1.	Name of Mining Operation	1.		
2.	Enter the amount of certified expenditures from Form MINE-CERT. (Please include a copy of the MINE-CERT with the amount certified by the department.)	2.		
3.	Enter 50% (0.50) of line 2. This is your Mineral and Coal Exploration Incentive Credit for the current year.	3.		
4.	Enter your credit available for carryforward from prior year(s) (include a detailed schedule).	4.		
5.	Add lines 3 and 4; enter the result here and continue to Part II.	5.		

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.



**Part II. \$20 Million Credit Limitation.** Complete a column for each distinct mining operation. Please include additional pages, if necessary.

		Column A	Column B	Column C
1.	Enter the amount of credit previously taken.	1.		
2.	Subtract line 1 from \$20,000,000 and enter the result here. If this amount is zero, stop here. You do not qualify for any additional credit.	2.		
3.	Enter the amount from Part I, line 4.	3.		
4.	Subtract line 3 from line 2 and enter the result here. If the amount is less than zero, enter zero. You do not qualify for any additional credit.	4.		
5.	Enter the amount from Part I, line 3.	5.		
6.	Subtract line 5 from line 4 and enter the result here. If the amount is less than zero, enter zero. This is the maximum amount of credit that may be earned in future years.	6.		
7.	Enter the lesser of line 4 or line 5 here.	7.		
8.	Add lines 3 and 7; enter the result here.	8.		

**Part III. Calculation of Allowable Credit**

1.	Enter the total of Part II, line 8, for all columns.	1.	
2.	Enter your Montana tax liability. (See instructions.)	2.	
3.	Multiply line 2 by 50% (0.50) and enter the result here.	3.	
4.	Enter the lesser of line 1 or line 3 here. <b>This is your allowable mineral and coal exploration incentive credit.</b>	4.	

**Where to Report Your Credit**

- ▶ Individuals: Form 2, Schedule V
- ▶ S corporations: Form CLT-4S, Schedule II
- ▶ C corporations: Form CLT-4, Schedule C
- ▶ Partnerships: Form PR-1, Schedule II

**Part IV. Carryover Calculation for Entities with More Than One Distinct Mining Operation.** If you only have one distinct mining operation, you do not have to complete this schedule.

		Column A	Column B	Column C
1.	Name of Distinct Mining Operation	1.		
2.	Enter the amount from Part II, line 8.	2.		
3.	Enter the amount from Part III, line 1.	3.		
4.	Divide line 2 by line 3 and enter the result here.	4.		
5.	Enter the amount from Part III, line 4.	5.		
6.	Multiply line 4 by line 5 and enter the result here. This is your current year allowable credit taken per each distinct mining operation.	6.		
7.	Enter the amount on Part II, line 7.	7.		
8.	Subtract line 6 from line 7 and enter the result here.	8.		
9.	Enter the amount from Part I, line 4.	9.		
10.	Add lines 8 and 9; enter the result here. This is the amount available to carry forward to subsequent years.	10.		



## Information about this form (MINE-CRED)

### Definitions

“Certified expenditures” means those costs incurred for activities in direct support of exploration activity conducted at a specific exploration site for the purpose of determining the existence, location, extent, or quality of a mineral or coal deposit.

“Geochemical methods” means geochemical data gathering methods, including the collection of soil, rock, water, air, vegetation, and similar samples and their chemical analyses.

“Geophysical methods” means all geophysical data gathering methods used in mineral or coal exploration, including seismic, gravity, magnetic, radiometric, radar, and electromagnetic and other remote sensing measurements.

“Mineral” means those substances defined as minerals by Section 82-4-303, Montana Code Annotated (MCA) and coal defined by Section 82-1-111, MCA.

“Mining operation” includes all operating and nonoperating activities related to a mineral deposit interest and may be composed of one or more mining properties.

“Person” means a sole proprietorship, corporation, partnership, small business corporation as defined in Section 15-30-3301, MCA, or limited liability company as defined in Section 35-8-102, MCA.

### Who can claim this credit?

A person may claim this credit for the certified expenditures of the following exploration activities that are performed on land in the state for the purpose of determining the existence, location, extent, or quality of a mineral or coal deposit, regardless of land ownership:

- Surveying by geophysical or geochemical methods;
- Drilling exploration holes;
- Conducting underground exploration;
- Surface trenching and bulk sampling; or
- Performing other exploratory work, including aerial photographs, geological and geophysical logging, sample analysis, and metallurgical testing.

A person must apply for the certification of expenditures incurred by submitting the Montana Form MINE-CERT to the department within 60 days after the close of the calendar year. The department will make a determination of the certification of the expenditures by September 30. Please see the Form MINE-CERT and its instructions for more information on the application process. This form is available on our website at [revenue.mt.gov](http://revenue.mt.gov).

### How do I claim this credit when I am a partner or shareholder in a partnership or S corporation?

When the expenditures of a partnership or S corporation are certified, the entity will report the credit on its

information tax return and provide you with your share of the credit.

Your share of the credit that is passed through to you by your S corporation or partnership is based on the same proportion used by you to report your income and loss for Montana tax purposes.

When your S corporation or partnership passes through a credit, remember to provide the entity’s name, federal employer identification number and your percentage of ownership in the space provided on the Form MINE-CRED.

### Can I carry any excess mineral and coal exploration incentive credit back to a prior year or forward to a subsequent year?

This credit may be carried forward 15 years.

### What information do I have to include with my return when I claim this credit?

When you claim this credit, include copies of the Montana Forms MINE-CRED and MINE-CERT (showing certified expenditures) with your individual income tax or corporation license tax return. A separate Form MINE-CRED needs to be completed for each entity with a distinct mining operation.

When filing your Montana partnership return, Form PR-1, or your Montana S corporation return, Montana Form CLT-4S, report your Mineral and Coal Exploration Incentive Credit on Schedule II. Include with your tax return the completed Forms MINE-CRED and MINE-CERT (showing certified expenditures) and a supplemental schedule identifying each partner or shareholder and their pro-rata share of the credit.

### What limitations apply to this credit?

The credit earned each year is limited to 50% of the certified expenditures for that year and may not exceed a total of \$20 million for all years. The credit used each year is limited to 50% of that year’s tax liability.

### Instructions

A separate Form MINE-CRED needs to be completed for each entity with a distinct mining operation.

#### Part I

All entities should complete Parts I and II.

#### Mineral and Coal Exploration Incentive Credit Calculation

Each column must be completed for each distinct mining operation. If necessary, use additional pages.

Line 1 – Enter the name of each distinct mining operation.

Line 2 – Enter the amount of expenditures certified by the department from Form MINE-CERT and include a copy of the Form MINE-CERT.

Line 3 – Multiple line 2 by 50% (0.50). This is your Mineral and Coal Exploration Incentive Credit for the current year.

Line 4 – Enter the amount of credit available for carryforward from prior year(s) and include a detailed schedule.

Line 5 – Add lines 3 and 4. This is your total credits available before the \$20 million limitation.

## Part II

### \$20 Million Credit Limitation

Each column must be completed for each distinct mining operation. If necessary, use additional pages.

Line 1 – Enter the amount of credit taken in previous years.

Line 2 – Subtract line 1 from \$20,000,000. If this amount is zero, stop here. You do not qualify for any additional credit in the current year or any future years.

Line 3 – Enter the amount from Part I, line 4 (credit carried over from prior years).

Line 4 – Subtract line 3 from line 2. If this amount is less than zero, enter zero. You do not qualify for any additional credit in the current year or any future years.

Line 5 – Enter the amount from Part I, line 3 (Mineral and Coal Exploration Incentive Credit).

Line 6 – Subtract line 5 from line 4. This is the maximum amount of additional credit to be earned in future years. If the amount is less than zero, enter zero. You do not qualify for any additional credit in future years.

Line 7 – Enter the lesser of line 4 or line 5.

Line 8 – Add lines 3 and 7. This is the amount of credit available to be taken after the \$20 million dollar limitation.

## Part III

Part III should be completed by all entities, including shareholders and partners.

### Calculation of Allowable Credit

Line 1 – Enter the total of Part II, line 8, for all columns. This is the amount of credit available for all distinct mining operations.

Line 2 – Enter your Montana tax liability.

**Corporation:** This amount can be found on line 10 of the Montana Form CLT-4. If you are filing a combined return, and have more than one entity with activity in Montana, enter line 6h of the Schedule K-Combined for this entity.

**Partnership and S corporation:** The entity reports the information from line 1 to the partner or shareholder on Montana Schedule K-1.

**Individual:** This amount can be found on line 50 of the Montana Form 2.

Line 3 – Multiple line 2 by 50% (0.50).

Line 4 – Enter the lesser of line 1 or line 3. This is your allowable credit. Enter this amount on Form 2, Schedule V for individuals, Form CLT-4, Schedule C for C corporations,

Schedule II for S corporations and Schedule II for Partnerships.

## Part IV

### Carryover Calculation for Entities with More Than One Distinct Mining Operation

If you have only one distinct mining operation, you do not have to complete this schedule. A separate carryover schedule needs to be completed for each distinct mining operation.

Line 1 – Enter the name of each distinct mining operation.

Line 2 – Enter the amount from Part II, line 8 for each column (total credit available after \$20 million limitation).

Line 3 – Enter the amount from Part III, line 1 (Total available credit for all distinct mining operations). This amount will be the same for each column.

Line 4 – Divide line 2 by line 3. Round the decimal to at least four places (0.5555).

Line 5 – Enter the amount from Part III, line 4 (Your allowable credit for 2012).

Line 6 – Multiply line 4 by line 5 for each column. This is your credit taken in the current year for each distinct mining operation. The total of this row should equal Part III, line 4.

**Questions?** Call us toll free at (866) 859-2254 (in Helena, 444-6900).