Montana Department of REVENUE

MONTANA
MINE-CRED
Rev 04 15

2015 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 __ – _____

Please include a statement describing each distinct mining operation that qualifies for this credit, including the location and gross income of each operation.

Part I. Partners in a Partnership or Shareholders of an S Corporation

Enter your portion of the mineral and coal exploration incentive credit here. See instructions. $_____

Business Name of Partnership or S Corporation _____

Federal Employer Identification Number __ – _____

Part II. Mineral and Coal Exploration Incentive Credit Calculation – Sole Proprietorships and C Corporations Only. 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 Form MINE-CERT with the certified amount.)	2.			
3.	Multiply line 2 by 50% (0.50). 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 III.	5.			

Part III. $20 Million Credit Limitation – Sole Proprietorships and C Corporations Only. 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 II, 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 II, 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.			

SSN ___ – ___ – ____ ***OR*** FEIN ___ – _____

Part IV. Calculation of Allowable Credit – Sole Proprietorships, C Corporations and Partners in a Partnership or Shareholders of an S Corporation Who Completed Part I Only

1.	Sole proprietorships and C corporations: enter the total of Part III, line 8, for all columns. Partners and shareholders of an S corporation: enter your portion of the credit from Part I.	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. **This is your allowable mineral and coal exploration incentive credit.**	4.	

Where to Report Your Credit

► Individuals: Form 2, Schedule V ► C corporations: Form CIT, Schedule C

Part V. Carryover Calculation for Entities with More Than One Distinct Mining Operation – Sole Proprietorships and C Corporations Only. 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 mining operation	1.			
2.	Enter the amount from Part III, line 8.	2.			
3.	Enter the amount from Part IV, line 1.	3.			
4.	Divide line 2 by line 3 and enter the result here.	4.			
5.	Enter the amount from Part IV, line 4.	5.			
6.	Multiply line 4 by line 5 and enter the result here. This is your current year allowable credit taken for each distinct mining operation.	6.			
7.	Enter the amount on Part III, line 7.	7.			
8.	Subtract line 6 from line 7 and enter the result here.	8.			
9.	Enter the amount from Part II, 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.			

Part VI. Mineral and Coal Exploration Incentive Credit Calculation – Partnerships and S Corporations Only. Complete a column for each distinct mining operation.

			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 Form MINE-CERT with the certified amount.)	2.			
3.	Multiply line 2 by 50% (0.50) and enter result here.	3.			
4.	Enter the total amount of credit previously claimed.	4.			
5.	Add lines 3 and 4. If the result is $20,000,000 or less, **your allowable mineral and coal exploration incentive credit is the amount reported on line 3**. If the result is greater than $20,000,000, go to line 6.	5.			
6.	Enter $20,000,000.	6.			
7.	Subtract line 4 from line 6. **This is your allowable mineral and coal exploration incentive credit for the current year**.	7.			

Where to Report Your Credit

► Partnerships: Form PR-1, Schedule II ► S corporations: Form CLT-4S, Schedule II

Form MINE-CRED Instructions

Definitions

"Certified expenditures" refers to 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" refers to geochemical data gathering methods, including the collection and chemical analyses of soil, rock, water, air, vegetation and similar samples.

"Geophysical methods" includes 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" refers to 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, which 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 activities that are performed on land in Montana to determine the existence, location, extent, or quality of a mineral or coal deposit, regardless of who owns the land:

- 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 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 by September 30. Please see Form MINE-CERT and its instructions for more information on the application process. This form is available on our website at *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 return and provide you with your portion of the credit.

Your portion of the credit that your S corporation or partnership passes through to you is based on the same proportion you use to report your income and loss for Montana tax purposes.

When your S corporation or partnership passes through a credit, remember to enter the entity's name, federal employer identification number and your portion of the credit in the space provided.

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?

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.

If you file your Montana individual income tax return or corporate income tax return on paper, include copies of Forms MINE-CRED and MINE-CERT (showing certified expenditures). A separate Form MINE-CERT needs to be completed for each entity with a distinct mining operation.

If you file your Montana partnership return, Form PR-1, or your Montana S corporation return, Form CLT-4S, on paper, include copies of Forms MINE-CRED and MINE-CERT (showing certified expenditures) and a supplemental schedule identifying each partner or shareholder and their portion 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.

Part I. Partners in a Partnership or Shareholders of an S Corporation

If you received this credit from a partnership or S corporation, you will need to fill out Part I in its entirety. Your portion of the credit can be obtained from the Montana Schedule K-1 that you received from the entity. In addition to reporting your portion of the credit, you will need to provide the partnership's or S corporation's name and Federal Employer Identification Number. You will also need to complete Part IV. You will not complete Parts II, III, V or VI.

Part II. Mineral and Coal Exploration Incentive Credit Calculation

Only sole proprietorships and C corporations should complete Part II.

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 certified expenditures from Form MINE-CERT and include a copy of 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 III. $20 Million Credit Limitation

Only sole proprietorships and C corporations should complete Part III.

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 II, 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 II, 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 IV. Calculation of Allowable Credit – Sole Proprietorships, C Corporations and Partners or Shareholders Who Completed Part I Only

Only sole proprietorships, C corporations and partners in partnerships or shareholders of an S corporation who completed Part 1 should complete Part IV.

Line 1 – Sole proprietorships and C corporations: enter the total of Part III, line 8, for all columns. This is the amount of credit available for all distinct mining operations.

Partners in a partnership and shareholders of an S corporation who completed Part I: enter your portion of the credit from Part I.

Line 2 – Enter your Montana tax liability.

Corporation: This amount can be found on line 10 of Form CIT. 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.

Sole proprietorship: This amount can be found on line 50 of 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 sole proprietorships and Form CIT, Schedule C for C corporations.

Part V. Carryover Calculation for Entities with More Than One Distinct Mining Operation

Only sole proprietorships and C corporations should complete Part V.

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 III, line 8 for each column (total credit available after $20 million limitation).

Line 3 – Enter the amount from Part IV, 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 IV, line 4 (Your allowable credit for the current year).

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 IV, line 4.

Part VI. Mineral and Coal Exploration Incentive Credit Calculation

Only partnerships and S corporations should complete Part VI.

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 certified expenditures from Form MINE-CERT and include a copy of Form MINE-CERT.

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

Line 4 – For each distinct mining operation, enter the total amount of credit claimed on all prior returns.

Line 5 – Add lines 3 and 4. If the result is $20,000,000 or less, stop here, your allowable mineral and coal exploration incentive credit is the amount reported on line 3. If the result is greater than $20,000,000, go to line 6.

Line 6 – Enter $20,000,000

Line 7 – Subtract line 4 from line 6. This is your allowable mineral and coal exploration incentive credit.

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