

**Part A – Income Taxes Paid to other States**

In accordance with §40-18-25(c) resident estates and trusts are allowed a credit for taxes paid to another state, for tax years beginning after December 31, 2004, if the resident estate or trust conducts a trade or business both in Alabama and in one or more other states or territories. The credit is limited to the lesser of the tax actually due to the other state or territory or the amount that would be due on the same income computed at the income tax rate in Alabama. When income tax is paid to more than one other state, the tax credit must be computed separately for each state. **A copy of the return as filed with the other state must be attached for the credit to be considered properly substantiated.**

- Line 1. Enter taxable income as shown on the other states return and list state.
- Line 2. Tax due the other state using Alabama tax rates.
- Line 3. Tax due the other state's return.
- Line 4. Credit Allowable...(Enter the lesser of lines 2 or 3).
- Line 25. Total Credit for Income Tax Paid to other States.  
(Sum of lines 4, 8,12,16,20 and 24).
- Line 26. Alabama Tax due Form 41, line 6c.
- Line 27. Allowable credit lessor of line 25 or line 26.

**Part B – Capital Credit**

The capital credit is available to investing companies and their recipients involved in a qualified project undertaken by certain new businesses to be located in the state and certain expansions of certain existing businesses. To qualify for the capital credit, the project entity must be registered with and approved by the Commissioner's Office

of the Alabama Department of Revenue by 12/31/2015. The capital credit claimed for the tax year shall not exceed 5 percent of the actual capital costs, as defined in the law, of the new business or expansion of an existing business for each of 20 years. The capital credit shall be provided to each investing company and its shareholders, partners, members, owners, or beneficiaries on Form K-RCC provided by the reporting company. Each recipient in the investing company will be allowed a capital credit according to the distributive share, whether or not distributed, of the project's Alabama taxable apportionable income.

This capital credit CANNOT be carried forward or back by any recipient. The capital credit is limited to the individual's current tax year liability and is applied after all other deductions, losses, or credits permitted under Titles 40 and 41, *Code of Alabama 1975*. The Form K-RCC must be attached to the return in order to be eligible to receive the capital credit.

- Line 1. Enter your Project Number assigned by the Alabama Department of Revenue.
- Line 2. Name of the project entity.
- Line 3. Enter tax due from Form 41 page 1, line 6c.
- Line 4. Less Income taxes paid to other states. Enter amount from Part A, line 15.
- Line 5. Tax due before Capital Credit, subtract line 4 from line 3.
- Line 6. Enter Capital Credit available from Form K-RCC, line 7.
- Line 7. Capital Credit Allowable. Enter lesser of line 5 or 6.

**Part C – Summary**

- Line 1. **Total Credits Allowable.** Add Part A, line 27 and Part B line 7. Enter the total here and on Form 41, page1, line 7a.