



2014 Oilseed Crushing and and Biodiesel/Biolubricant Production Facilities Credit

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

Name (as it appears on your Montana tax return) _____

Social Security Number - - **OR** Federal Employer Identification Number -

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

Enter your portion of the oilseed crushing and biodiesel/biolubricant production facilities credit here. See instructions. \$ _____

Business Name of Partnership or S Corporation _____ Federal Employer Identification Number -

Part II. Oilseed Crushing Facility Credit

Please enter the date that you began crushing oilseed _____

To qualify for the oilseed crushing facility credit, you are required to answer "Yes" to the following questions.

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. Include 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 15% (0.15) and enter the result here, but not more than \$500,000. This is your oilseed crushing facility credit.			5.

Part III. 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 in Montana that is used to produce biodiesel/biolubricant. Include all supporting invoices, contracts, etc. that substantiate these costs 6.
7. Enter the total cost of any equipment purchased to operate a facility in Montana that is used to produce biodiesel/biolubricant. Include 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 15% (0.15) and enter the result here. **This is your biodiesel/biolubricant production facility credit.** 9.

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Part IV. Combined Oilseed Crushing and Biodiesel/Biolubricant Production Facilities Credit

10. Enter the amount of tax credit being carried forward from previous years. (Please include 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 facilities credit. 11.	

Where to Report Your Credit

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

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.

Form OSC Instructions

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.

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.

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

- **Individuals.** If you are filing a paper return, include a copy of Form OSC with your individual income tax return.
- **C corporations.** If you are filing a paper return, include a copy of Form OSC with your corporate income tax return.
- **S corporations and partnerships.** If you are an entity taxed as an S corporation or a partnership and are claiming this credit, include Form OSC with your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their share.

You will need to complete a separate Form OSC for each source you are receiving the credit from. For example, if you are a partner in one partnership that qualifies for this credit, and you, as an individual, also qualify for this credit, you would need to complete two forms.

If you file electronically, you do not need to mail this form to us unless we contact you for a copy.

Am I subject to recapturing the 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, your partners are entitled to apply these credits against their income tax or corporate income tax liability.

As an S corporation, the shareholders are entitled to apply these credits against their income tax or corporate income tax liability. The amount of each shareholder's credit is based on their pro rata share of the corporation's cost of investing in equipment or the facility.

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

How do I claim my credit when I am a partner or shareholder in a partnership or 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.

If you are a partner or shareholder in more than one partnership or S corporation, you will need to complete a separate Form OSC for each entity you are receiving the credit from.

Part II. Oilseed Crushing Facility Credit

I purchased equipment to begin crushing oilseed but have not completed installation or begun 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.

The costs incurred in the two years before you began crushing oilseed are eligible for the credit.

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.
- 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 manufacturers a product from oilseed.
- Your business has been processing oilseed or manufacturing a product from oilseed during your tax year.

Part III. Biodiesel/Biolubricant 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 depreciable property for constructing or equipping your facility.

The costs incurred in the two years before you began production are eligible for the credit.

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 eligible to claim 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.
- 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.
- Your business has been manufacturing biodiesel or biolubricant during your tax year.

Part IV. Combined Oilseed Crushing and Biodiesel/Biolubricant Production Facilities Credit

Am I able to carry forward my oilseed crushing facility credit or my biodiesel/biolubricant production facility credit if I cannot apply the full amount against my tax liability in the first year of production?

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

Administrative Rules of Montana: 42.4.2501 through 42.4.2503

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