

Renewable Electricity Production Credit

▶ Attach to your return.

Name(s) shown on return	Identifying number
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Part I Current Year Credit

Electricity produced by closed-loop biomass facility placed in service after 1992 or poultry waste facility placed in service after 1999:												
1	Kilowatt-hours produced and sold (see instructions)	× 0.017	1									
2	Phaseout adjustment (see instructions) \$	×	2									
3	Credit for electricity produced by closed-loop biomass or poultry waste facility. Subtract line 2 from line 1.		3									
Electricity produced by wind facility placed in service after 1993:												
4	Kilowatt-hours produced and sold (see instructions)	× 0.017	4									
5	Phaseout adjustment (see instructions) \$	×	5									
6	Credit for electricity produced by wind facility. Subtract line 5 from line 4		6									
7	Total credit before reduction. Add lines 3 and 6.		7									
Reduction for government grants, subsidized financing, and other credits:												
8	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any other credits allowed for the project for this and all prior tax years		8									
9	Total of additions to the capital account for the project for this and all prior tax years		9									
10	Divide line 8 by line 9. Show as a decimal carried to at least 4 places		10									
11	Multiply line 7 by line 10		11									
12	Current year credit. Subtract line 11 from line 7.		12									
13	Renewable electricity production credit(s) from pass-through entities:	<table border="1" style="font-size: small; border-collapse: collapse;"> <tr> <th style="width: 20%;">If you are a—</th> <th style="width: 80%;">Then enter the credit(s) from—</th> </tr> <tr> <td>a Shareholder</td> <td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td> </tr> <tr> <td>b Partner</td> <td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13</td> </tr> <tr> <td>c Beneficiary</td> <td>Schedule K-1 (Form 1041), line 14</td> </tr> </table>	If you are a—	Then enter the credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13	c Beneficiary	Schedule K-1 (Form 1041), line 14	13	
If you are a—	Then enter the credit(s) from—											
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13											
b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13											
c Beneficiary	Schedule K-1 (Form 1041), line 14											
14	Total current year credit. Add lines 12 and 13.		14									

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

15	Regular tax before credits:			
	<ul style="list-style-type: none"> • Individuals. Enter the amount from Form 1040, line 40 • Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return 	}	15	
16	Alternative minimum tax (see instructions)		16	
17	Add lines 15 and 16		17	
18a	Foreign tax credit	18a		
b	Credit for child and dependent care expenses (Form 2441, line 9)	18b		
c	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	18c		
d	Education credits (Form 8863, line 18)	18d		
e	Rate reduction credit (Form 1040, line 47)	18e		
f	Child tax credit (Form 1040, line 48)	18f		
g	Mortgage interest credit (Form 8396, line 11)	18g		
h	Adoption credit (Form 8839, line 14)	18h		
i	District of Columbia first-time homebuyer credit (Form 8859, line 11)	18i		
j	Possessions tax credit (Form 5735, line 17 or 27)	18j		
k	Credit for fuel from a nonconventional source	18k		
l	Qualified electric vehicle credit (Form 8834, line 20)	18l		
m	Add lines 18a through 18l	18m		
19	Net income tax. Subtract line 18m from line 17. If zero, skip lines 20 through 23 and enter -0- on line 24		19	
20	Tentative minimum tax (see instructions)	20		
21	Net regular tax. Subtract line 18m from line 15. If zero or less, enter -0-	21		
22	Enter 25% (.25) of the excess, if any, of line 21 over \$25,000 (see instructions)	22		
23	Enter the greater of line 20 or line 22		23	
24	Subtract line 23 from line 19. If zero or less, enter -0-		24	
25	Renewable electricity credit allowed for the current year. Enter the smaller of line 14 or line 24 here and on Form 1040, line 50; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 4a; Form 1041, Schedule G, line 2c; or the applicable line of your return		25	

General Instructions

Section references are to the Internal Revenue Code.

A Change To Note

The Job Creation and Worker Assistance Act of 2002 extended the renewable electricity production credit to include electricity produced by facilities placed in service after 2001 and before 2004. As a result, we have issued this revision of the 2001 Form 8835. If you already filed your tax return and did not include credits that are now allowed as a result of this change, you must file an amended return.

Purpose of Form

Use Form 8835 to claim the renewable electricity production credit. The credit is allowed **only** for the sale of electricity produced in the United States or U.S. possessions from qualified energy resources at a qualified facility (see **Definitions** below).

How To Figure the Credit

The credit is 1.5 cents per kilowatt-hour (kWh) for the sale of electricity produced by the taxpayer from qualified energy resources at a qualified facility during the credit period (see **Definitions** below).

The credit is proportionately phased out over a 3-cent range when the reference price (see **Definitions** below) exceeds the adjusted threshold price (see next paragraph).

Both the 1.5-cent credit rate and the 8-cent threshold price are adjusted for inflation. The reference price and the inflation adjustment factor (IAF) for the calendar year are published in the Federal Register each year.

If the reference price is less than the threshold price (adjusted by the IAF), there is no reduction. If the reference price is more than 3 cents over the adjusted threshold price, there is no credit. If the reference price is more than the threshold price, but not more than 3 cents above the adjusted threshold price, there is a phaseout adjustment on lines 2 and 5 of Form 8835.

Example. If the reference price is 10.0¢ and the adjusted threshold price is 9.0¢, reduce the credit by $1/3$ ($(10.0¢ - 9.0¢) \div 3¢ = 1/3 = .3333$). Enter the line 1 credit in the first entry space on line 2, .3333 in the second entry space, and multiply to figure the reduction. This also applies to line 5 of the form.

The credit is also reduced for any government grants, subsidized financing, and other credits. See the instructions for line 8 for details.

Note: For calendar year 2001, per Notice 2001-33, 2001-19 I.R.B. 1155, the IAF is 1.1641 and the reference price per kWh is 0 cents for facilities producing electricity from closed-loop biomass or poultry waste energy resources and is 2.57 cents for facilities producing electricity from wind energy resources. Therefore, the credit is 1.7 cents per kWh (1.5×1.1641 rounded to the nearest .1 cent) and the adjusted threshold price is increased to 9.3 cents (8×1.1641 rounded to the nearest .1 cent).

Definitions

Qualified energy resources means closed-loop biomass, poultry waste, and wind.

Closed-loop biomass means the use of any organic material from a plant that is planted exclusively for use at a qualified facility to produce electricity. It does not include the use of any waste materials (such as scrap wood, manure, or municipal or agricultural waste) or standing timber.

Poultry waste means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.

Qualified facility means:

- Any taxpayer-owned facility originally placed in service after 1992 that uses closed-loop biomass to produce electricity;
- Any taxpayer-owned facility originally placed in service after 1993 that uses wind to produce electricity (see Rev. Rul. 94-31, 1994-1 C.B. 16, for details); or
- Any facility of the taxpayer originally placed in service after 1999 that uses poultry waste to produce electricity. If a governmental unit owns the facility, the lessor or operator of the facility is eligible for the credit.

Reference price means the annual average contract price per kilowatt-hour of electricity generated from the same qualified energy resource and sold in the previous year in the United States as determined by the Secretary of the Treasury.

Credit period means the 10-year period beginning with the date the facility is placed in service.

United States and U.S. possessions include the seabed and subsoil of those submarine areas that are adjacent to the territorial waters over which the United States has exclusive rights according to international law.

Specific Instructions

Figure any renewable electricity production credit from your trade or business on lines 1 through 12. Skip lines 1 through 12 if you are claiming only a credit that was allocated to you from an S corporation, partnership, estate, or trust.

Fiscal year taxpayers. If you have sales in 2001 and 2002 and the credit rate on line 1 or 4 or the phaseout adjustment on line 2 or 5 is different for 2002, make separate computations for each line. Use the respective sales, credit rate, and phaseout adjustment for each calendar year. Enter the total of the two computations on lines 1 and 2 or lines 4 and 5. Attach the computations to Form 8835 and write "FY" in the margin.

Line 1

Enter the kilowatt-hours of electricity produced and sold during 2001 from a facility using closed-loop biomass or poultry waste as the renewable resource and multiply by \$.017. The \$.017 rate will also apply to 2002 sales if the 2002 IAF is less than 1.1667. If the 2002 IAF causes a rate increase, fiscal year filers with 2002 sales must figure line 1 as explained under **Fiscal year taxpayers** above.

Line 2

There is no phaseout adjustment for calendar year 2001. Calendar year filers enter zero on line 2. Fiscal year filers with sales in 2002 also enter zero if the published 2002 reference price is equal to or less than the 2002 adjusted threshold price. If the 2002 reference price exceeds the 2002 adjusted threshold price, the phaseout adjustment applies for 2002 sales. See **How To Figure the Credit** to figure the adjustment.

Line 4

Enter the kilowatt-hours of electricity produced and sold during 2001 that qualify for the credit from a qualified wind facility and multiply by \$.017. The \$.017 rate will also apply to 2002 sales if the 2002 IAF is less than 1.1667. If the 2002 IAF causes a rate increase, fiscal year filers with 2002 sales must figure line 4 as explained under **Fiscal year taxpayers** above. Generally, no credit is allowed for electricity produced at a qualified wind facility placed in service after June 30, 1999, and sold to a utility under a contract originally entered into before 1987 (whether or not the contract was amended after 1986). See section 45(d)(7) for exceptions and more details.

Line 5

There is no phaseout adjustment for calendar year 2001. Calendar year filers enter zero on line 5. Fiscal year filers with sales in 2002 also enter zero if the published 2002 reference price is equal to or less than the 2002 adjusted threshold price. If the 2002 reference price exceeds the 2002 adjusted threshold price, the phaseout adjustment applies for 2002 sales. See **How To Figure the Credit** to figure the adjustment.

Line 8

Enter the sum, for this and all prior tax years, of:

- Grants provided by the United States, a state, or political subdivision of a state for the project;
- Proceeds of an issue of state or local government obligations used to provide financing for the project, the interest of which is tax-exempt;
- Total of subsidized energy financing provided directly or indirectly under a Federal, state, or local program provided for the project; and
- The amount of any other credit allowable for any property that is part of the project.

Line 9

Enter the total amount of additions to the capital account for the project for this and all prior tax years.

Line 14

Pass-through entities should report the amount on line 14 as follows.

S corporations and partnerships. Allocate the line 14 credit to the shareholders or partners. Attach Form 8835 to the S corporation or partnership return, and show on Schedule K-1 each shareholder's or partner's credit. Electing large partnerships, include this credit in "general credits."

Estates and trusts. The line 14 credit is allocated between the estate or trust and the beneficiaries in proportion to the income allocated to each. On the dotted line to the left of the line 14 entry, enter the estate or trust's share of the credit. Label it "1041 Portion" and use it in Part II (or on Form 3800, if required) to figure the credit to claim on Form 1041.

Who Must File Form 3800

If for this year you have more than one of the credits included in the general business credit, a carryback or carryforward of any of these credits, a credit from a passive activity, or general credits from an electing large partnership, you must complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8835 to figure the tax liability limit.

The general business credit consists of the following credits.

- Investment (Form 3468).
- Work opportunity (Form 5884).
- Welfare-to-work (Form 8861).
- Alcohol used as fuel (Form 6478).
- Research (Form 6765).
- Low-income housing (Form 8586).
- Enhanced oil recovery (Form 8830).
- Disabled access (Form 8826).
- Renewable electricity production (Form 8835).
- Indian employment (Form 8845).
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846).
- Orphan drug (Form 8820).

- New markets (Form 8874).
- Contributions to selected community development corporations (Form 8847).
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit (Form 8844) and New York Liberty Zone business employee credit (Form 8884), while components of the general business credit, have special tax liability limits and are never carried to Form 3800.

Line 16

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals: Form 6251, line 28.
- Corporations: Form 4626, line 15.
- Estates and trusts: Form 1041, Schedule I, line 39.

Line 20

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule. Enter on line 20 the TMT from the line shown below.

- Individuals: Form 6251, line 26.
- Corporations: Form 4626, line 13.
- Estates and trusts: Form 1041, Schedule I, line 37.

Line 22

See section 38(c)(3) for special rules that apply to married couples filing separate returns, controlled groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 25

If you cannot use part of the credit because of the tax liability limit (line 24 is less than line 14), carry the excess back 1 year then forward for up to 20 years. See the Instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 11 hr., 28 min.
- Learning about the law or the form.** 24 min.
- Preparing and sending the form to the IRS** 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

