

**Credit for Clean Renewable Energy
and Gulf Tax Credit Bonds**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Part I

Section A. Clean Renewable Energy Bond Credit

(a) Bond issuer's name, city or town, and state	(b) Date bond issued	(c) Date bond disposed of (if applicable)	(d) Outstanding bond principal	(e) Credit rate	(f) (d) x (e)	(g) %	(h) Credit (f) x (g)	
1								
2	Total credit. Add the amounts on line 1, column (h). See the instructions for how to report as interest income						2	
3	Clean renewable energy bond credits from partnerships, S corporations, estates, and trusts (see instructions)						3	
4	Add line 2 and line 3. Estates and trusts go to line 5; partnerships and S corporations, report this amount on Schedule K; all others, go to Part II						4	
5	Amount allocated to the beneficiaries of the estate or trust (see instructions)						5	
6	Estates and trusts. Subtract line 5 from line 4. Use this amount to complete Part II						6	

Section B. Gulf Tax Credit Bond Credit

(a) Bond issuer's name, city or town, and state	(b) Date bond issued	(c) Date bond disposed of (if applicable)	(d) Outstanding bond principal	(e) Credit rate	(f) (d) x (e)	(g) %	(h) Credit (f) x (g)	
7								
8	Total credit. Add the amounts on line 7, column (h). See the instructions for how to report as interest income						8	
9	Gulf tax credit bond credits from partnerships, S corporations, estates, and trusts (see instructions)						9	
10	Add line 8 and line 9. Estates and trusts go to line 11; partnerships and S corporations, report this amount on Schedule K; all others, go to Part II						10	
11	Amount allocated to the beneficiaries of the estate or trust (see instructions)						11	
12	Estates and trusts. Subtract line 11 from line 10. Use this amount to complete Part II						12	

Part II Allowable Credit

13	Regular tax before credits:		
	• Individuals. Enter the amount from Form 1040, line 44	}	13
	• Corporations. Enter the amount from Form 1120, Schedule J, line 3, 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			
14	Alternative minimum tax:		
	• Individuals. Enter the amount from Form 6251, line 35	}	14
	• Corporations. Enter the amount from Form 4626, line 14		
• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56			
15	Add line 13 and line 14		15
16a	Foreign tax credit	16a	16i
	b Credits from Form 1040, lines 48 through 54	16b	
	c Possessions tax credit (Form 5735, line 17 or 27)	16c	
	d Qualified electric vehicle credit (Form 8834, line 20)	16d	
	e Other specified credits (see instructions)	16e	
	f General business credit (see instructions)	16f	
	g Credit for prior year minimum tax	16g	
	h Qualified zone academy bond credit (attach Form 8860)	16h	
	i Add lines 16a through 16h		
	17	Net income tax. Subtract line 16i from line 15	
18	Clean renewable energy bond credit allowed for the current year. Enter the smaller of line 4 or line 17 (if line 17 is smaller than line 4, see instructions). Estates and trusts, enter the smaller of line 6 or 17 (if line 17 is smaller than line 6, see instructions). Report this amount (plus the amount, if any, from line 20 below) on Form 1040, line 55; Form 1120, Schedule J, line 6f; Form 1041, Schedule G, line 2b; or the applicable line of your return		18
	Note: If line 10 is zero or blank, stop here.		
19	Subtract line 18 from line 17		19
20	Gulf tax credit bond credit allowed for the current year. Enter the smaller of line 10 or line 19 (if line 19 is smaller than line 10, see instructions). Estates and trusts, enter the smaller of line 12 or line 19 (if line 19 is smaller than line 12, see instructions). Report this amount (plus the amount, if any, from line 18 above) on Form 1040, line 55; Form 1120, Schedule J, line 6f; Form 1041, Schedule G, line 2b; or the applicable line of your return		20

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8912 to claim the clean renewable energy bond (CREB) credit and the Gulf tax credit bond (GTCB) credit. In lieu of receiving periodic interest payments from the issuer, the holder of the bond is generally allowed an annual income tax credit. The credit compensates the holder for lending money to the issuer and functions as interest paid on the bond.

Who Can Claim the Credits

A taxpayer holding a CREB and/or a GTCB on 1 or more **credit allowance dates** can claim either credit by filing Form 8912 for each tax year in which it holds a CREB and/or a GTCB on a credit allowance date.

The **credit allowance dates** are:

- March 15,
- June 15,
- September 15, and
- December 15.

The credit allowance date also includes the last day on which the CREB or GTCB is outstanding.

Definitions

CREB. A CREB is any bond issued after 2005 by a **qualified issuer**, the proceeds of which are used for capital expenditures incurred by a **qualified borrower** for a **qualified project**.

A **qualified issuer** is either a:

- Cooperative electric company—a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act,
- Clean renewable energy bond lender—a lender that is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender, or
- Governmental body—any state, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

A **qualified borrower** is a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C) or a governmental body.

A **qualified project** is any qualified facility (as determined under section 45(d) without regard to paragraph (10) and to any placed in service date) owned by a qualified borrower.

GTCB. A GTCB is any bond issued after 2005 by the state of Alabama, Louisiana, or Mississippi and designated by the governor of those states as a Gulf tax credit bond the maturity of which does not exceed 2 years. 95% or more of the proceeds of the bonds are used to pay principal, interest, or premiums on qualified bonds issued by those states or any political subdivision of those states, or to make a loan to any political subdivision of those states to pay principal, interest, or premiums on a **qualified bond** issued by that subdivision.

A **qualified bond** for purposes of the GTCB credit means any obligation of a state or political subdivision which was outstanding on August 28, 2005. This term does not include any private activity bond, any bond with respect to which there is any outstanding refunded or refunding bond during the period a GTCB is outstanding with respect to such bond, or any bond issued as part of an issue if any portion of the proceeds of such issue was (or is to be) used to provide any property described in section 144(c)(6)(B).

Specific Instructions

Note. Separate entries and calculations are required for each bond with a different maturity and a different credit rate.

Part I

Line 1, Column (c)

Line 7, Column (c)

Enter the date the bond was redeemed, sold, or otherwise disposed of.

Line 1, Column (d)

Line 7, Column (d)

Enter the face amount of the CREB and/or the GTCB minus any payment of principal received.

Line 1, Column (e)

Line 7, Column (e)

The credit rate for the clean renewable energy bond and the GTCB is the rate published daily by the Bureau of the Public Debt under "SLGS" on its Internet website at www.publicdebt.treas.gov. The rate is applied to the bond on the first day on which there is a binding contract in writing for the sale or exchange of the bond.

Line 1, Column (g)

Line 7, Column (g)

Generally, you enter 25% for each credit allowance date you hold a CREB and/or GTCB during your tax year.

Example. Your tax year begins December 1, 2005, and ends November 30, 2006. You were issued a GTCB on March 16, 2006, and held it through the end of the tax year ending November 30, 2006. You would enter 50% computed as follows.

Credit allowance date	%
June 15, 2006	25
September 15, 2006	25
	50

However, the 25% will be prorated if a CREB and/or the GTCB is issued, redeemed, or matures during the 3-month period ending on a credit allowance date; the percentage of credit allowed for that credit allowance date is prorated for the number of days the bond was outstanding during the 3-month period.

Example. Your tax year begins December 1, 2005, and ends November 30, 2006. You were issued a CREB on March 22, 2006. Since the bond was not held for the entire 3-month period ending on June 15, 2006, the prorated portion of the 25% is figured (a) by dividing the number of days the bond was outstanding beginning on the date the bond was issued and ending on the next credit allowance date (b) by the number of days included in the 3-month period beginning on the day after the credit allowance date and ending on the next credit allowance date. See below.

$$\frac{86 \text{ days (number of days from March 22 through June 15)}}{92 \text{ days (number of days from March 16 through June 15)}} = .935 \times 25\% = 23\%$$

86 days (number of days from March 22 through June 15)

92 days (number of days from March 16 through June 15)

You would enter 48% computed as follows.

Credit allowance date	%
June 15, 2006	23
September 15, 2006	25
	48

Line 1, Column (h)

Line 7, Column (h)

This line represents the income tax credit to the holder of a CREB and/or a GTCB.

Lines 2 and 8

Interest Income

The current year credit on line 2 and/or line 8 is deemed to be a payment of qualified stated interest (as defined in Regulations section 1.1273-1(c)) on the credit allowance date. Therefore, a holder on the accrual method must accrue the credit amount as taxable interest income on the credit allowance date. If the holder buys or sells a bond between credit allowance dates, the amount of the credit with respect to

such credit allowance date is a ratable portion of the credit based on the portion of the 3-month period during which the bond is outstanding.

If a holder of a CREB or GTCB sells the bond between credit allowance dates, part of the sales price is treated as accrued interest to the date of the sale and must be reported as interest income. If a holder purchases a bond between credit allowance dates, the interest accrued as of the date of the purchase (as reflected in the purchase price) is not included as interest when the purchaser receives the value of the credit (and the deemed payment of interest) on the next credit allowance date. Instead, the payment of the deemed interest is treated as a return of capital to the extent of the accrued interest at the time of purchase and reduces the holder's basis in the bond.

Lines 3 and 9

If you are receiving a credit from an S corporation, partnership, estate, or trust (pass-through entity), you will receive information from that entity providing the credit associated with each credit allowance date.

Lines 5 and 11

Estates and trusts. Allocate the CREB credit and/or the GTCB credit on line 4 and/or line 10 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries share on line 5 and/or line 11.

Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit.

Line 16e

Include on line 16e any amounts claimed on:

- Form 8910, Alternative Motor Vehicle Credit, line 18 and
- Form 8911, Alternative Fuel Vehicle Refueling Property Credit, line 19.

Line 16f

If you are filing Form 3800, General Business Credit, enter the credit from Form 3800. Also include any credit from Form 8844, Empowerment Zone and Renewal Community Employment Credit, Form 6478, Credit for Alcohol Used as Fuel, or Section B of Form 8835, Renewable Electricity, Refined Coal, and Indian Coal Production Credit.

Lines 18 and 20

If you do not have an entry space for these credits on your tax return, enter the allowable credit on the "Total credits" line with the notation "CREB" and/or "GTCB."

If you cannot use all of the credit in Part II because of the tax liability limit (for example, line 4 is more than line 18), a deduction is allowed for any unused credit for the current tax year that includes the credit allowance date. However, you can choose to deduct the unused credit in the next tax year instead of the current tax year.

Note. If the holder of a CREB or GTCB is a pass-through entity, the shareholder, partner, or beneficiary takes the deduction, not the pass-through entity.

Because this deduction may further reduce the tax liability limit, the holder may need to refigure the tax liability limit and the unallowed credit. Refigure the unallowed credit until it equals the deduction. It may be necessary to use the "trial and error" method.

Limitation on credit from

pass-through entities. If you are an individual that receives a CREB and/or GTCB from a pass-through entity, the credits on line 3 and/or line 9 are limited to the amount of tax attributable to your taxable income from your interest in the pass-through entity generating the credit. Figure the credit limitation separately for each interest in a pass-through entity using the following formula:

$$\text{Line 17 x } \frac{\text{Taxable income attributable to your interest in the pass-through entity}}{\text{Your taxable income for the year}}$$

The result(s) computed separately above for each interest in a pass-through entity cannot exceed line 17. If in the current tax year you had no taxable income attributable to a particular interest in a pass-through entity, you cannot claim any CREB or GTCB credit this year with respect to that interest.

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping** 10 hr., 31 min.
- Learning about the law or the form** 35 min.
- Preparing and sending the form to the IRS.** 48 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.

