

Instructions For Form 6390

2012 Alaska Federal-based Credits

WHAT'S NEW

Form 6390 is a new form, designed to account for allowable federal-based credits, available through Alaska's adoption of the Internal Revenue Code. Form 6390 accounts for changes in the federal Form 3800. Form 6390 replaces Schedule F on Forms 611, 611SF, and 650.

Finally, Form 6390 imposes tax liability limits based on Alaska tax, limits the credits to 18%, and apportions the credits, if appropriate.

Form 6390 must be attached to Form 611, 611SF, or 650 to claim federal-based credits.

GENERAL INSTRUCTIONS

Purpose of Form

Form 6300 orders and limits federal-based credits, on an as-if Alaska basis. This form is required if such credits are to be claimed on Form 611, 611SF, or 650. Under AS 43.20.021(d), where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18% of the amount of credit determined for federal income tax purposes, and apportioned, if applicable.

Adoption Of The Internal Revenue Code

Under AS 43.20.021, Alaska adopts the Internal Revenue Code, Sections 1-1399 and 6001-7872, with full force and effect, unless excepted to or modified by provisions of Alaska law. In addition, AS 43.20.160 and AS 43.20.300 require the Department to apply, as far as practicable, the administrative and judicial interpretations of the federal income tax law.

Note that Alaska law does not adopt Internal Revenue Code Sections 1400—1400L, which grant tax benefits for activities in certain geographic zones, including those in "Enterprise Zones" and "Gulf Opportunity Zones." If the taxpayer qualifies for special federal treatment under these code sections, this may require that the taxpayer recompute some federal-based credits for Alaska purposes.

Other Related Forms

Form 6395 is used to account for passive activity limitations on an as-if Alaska basis.

If You Need Help

If you have questions, need additional information or require other assistance, see our web-site at www.tax.alaska.gov, or call:

Juneau: 907-465-2320

Anchorage: 907-269-6620

In general, Form 6390 follows the function of federal Form 3800, accounting for various groups of credits that require special treatment under the Internal Revenue Code. Such groups include "specified credits," "eligible small business credits," and passive/non-passive categories. See federal instructions for federal Form 3800 for more details.

From each of these baskets, Form 6390 removes any credits that are not allowable for Alaska purposes. Alaska does not allow credits for backup withholding, credit for employer social security and Medicare taxes paid on certain employee tips, and other federal credits that are tax reimbursements. See 15 AAC 20.145(f).

SPECIFIC INSTRUCTIONS

Line 2a: Alaska allows the federal investment credit only to the extent attributable to Alaska property. See AS 43.20.036(b). On line 2a enter the amount of federal investment credit (non-passive activities) that is not attributable to Alaska property.

Line 2b: Alaska does not allow credits for backup withholding, credit for employer social security and Medicare taxes paid on certain employee tips, and other federal credits that are tax reimbursements. See 15 AAC 20.145(f). Also note that Alaska does not adopt Internal Revenue Code Sections 1400-1400L, which may affect allowable federal-based credits.

Line 4: Use Form 6395 to calculate general business credits (not eligible small business) from a passive activity. Enter amount from Form 6395, line 20.

Line 9: Alaska allows unused federal-based credits to be carried forward, based on applicable federal rules. An entry on line 9 must be supported by a schedule, attached to the return, showing the individual unused credits, by year generated and used, which are available. The schedule must show credits on an as-if Alaska basis, based on prior years' Forms 6390 (or equivalent), not federal credit carryover amounts.

Line 10: Alaska allows carryback of unused federal-based credits, based on applicable federal rules. An entry on line 10 must be supported by a schedule, attached to the return, showing the individual unused credits, by year generated and used, which are available for carryback. Form 6390 must be completed and attached to a Form 611X Amended Alaska Corporation Net Income Tax Return, or Form 611N Alaska Corporation Net Income Tax Application for Tentative Refund.

Line 13a: Enter the Alaska alternative minimum tax (AMT), net of the Alaska credit for prior year minimum tax (AMT credit) from Schedule E of Form 611, 611SF, or 650.

Lines 12b and 13b: Alaska incentive credits (from Form 6300) are applied first. Any Alaska regular or alternative minimum tax (AMT), left after application of Alaska incentive credits, may be offset by federal-based credits. Use the following worksheet to determine the respective amounts of regular Alaska tax offset, and AMT offset by Alaska incentive credits:

		Regular Tax A	Alaska AMT B
1	Enter regular tax from Schedule D, line 7 of Form 611, 611SF, or 650		
2	Enter Alaska AMT included in Schedule E, line 6 of Form 611 or 650; or Schedule E, line 1 of Form 611SF		
3	Enter Alaska credit for prior year minimum tax from Schedule E, line 4 of Form 611 or 650; or Schedule E, line 2 of Form 611SF		
4	Subtract line 3 from line 2, but not less than zero		
5	Enter gas exploration and development credit from Form 6300, line 4		
6	Subtract line 5 from line 4		
7	Share of tax. Divide each column of line 6 by the amount on line 6 of Form 611, 611SF, or 650, net of the amount on line 5 above. Enter as a percentage		

8	Enter amount from Form 6300, line 18	
9	Enter amount from Form 6300, line 29	
10	Total Alaska incentive credits allowed. Add lines 8-9	
11	Gas exploration and development credit from Form 6300, line 4	
12	Subtract line 11 from line 10	
13	Percentage from line 7, column A	
14	Regular tax offset by other incentive credits. Multiply line 12 by line 13	
15	Enter amount from line 11	
16	Regular tax offset by Alaska incentive credits. Add lines 14-15. Enter on Form 6390, line 12b	
17	Alaska AMT offset by Alaska incentive credits. Multiply line 12 by line 7, column B. Enter on Form 6390, line 13b	

Lines 21a-21c: See instructions for line 2a and line 2b.

Lines 24a-24c: See instructions for line 2a and line 2b.

Line 26: Use Form 6395 to calculate “specified credits” and “eligible small business credits” from a passive activity. Enter amount from Form 6395, line 21.

Lines 31a-31b: See instructions for lines 9 and 10 above. Attach schedule of applicable credits, by year generated and used.

Lines 32a-32b: See instructions for lines 9 and 10 above. Attach schedule of applicable credits, by year generated and used.