

## **REPORTING INSTRUCTIONS FOR THE EXPENDITURE, CREDIT, AND REMITTANCE FORM 1**

The accompanying draft form is for submitting monthly filings of lease expenditures, production tax credits, and tax amounts remitted pursuant to 15 AAC 55.520(f).

### **Header:**

**Report Type:** The "Report Type" will always be "T1" to indicate it is a Tax Division Report.

**Report Code:** The "Report Code" will always be "E1" for the "EMR Report"

**Filing Type:** The "Filing Type" will always be "R" for a "Regular".

**Customer ID Number:** No response required. Reserved for future use.

**Revision Number:** Report the revision number of the report you are filing. This will normally be "00" for an original or single filing of a report.

**Production Month:** Report the calendar month and the calendar year (08012011) for which the activity is being reported.

**Report Month:** Report the calendar month and the calendar year (09012011) in which you will be filing the report.

**Control Number:** No response required. Reserved for future use.

**Authorized Date:** Report the month, day and year on which the report is authorized by the authorized signer.

**Federal EIN Number:** Report your company federal EIN number.

**Company Name:** Report your company name.

**Email Address:** Report the email address of the person authorizing the report.

**Address1:** Report the first line of your company mailing address.

**Address2:** Report the second line (if applicable) of your company mailing address.

**City:** Report the city of your company mailing address.

**State:** Report the state of your company mailing address.

**Zip:** Report the zip code for your company mailing address.

**Preparer:** Report the full name of the person completing this report.

**Preparer Phone Number:** Report the work phone number of the preparer of the report.

Preparer Email: Report the email address of the preparer of the report

Authorized Signature (Code): No response is required. Reserved for future use.

Authorized Signature (Printed Name): Report the name of the person authorizing the report.

Phone Number: Report the phone number of the person authorizing the report

Fax Number: Report the fax number of the person authorizing the report.

**Data Lines:**

Line Number: Report a sequential line number for each data line reported. All line numbers must be sequential with no duplicate line numbers on the report.

NOTE: The example shows blank lines with a line number separating data by groups. This is done for visual relief of people reading the report. It is not necessary when completing an actual report. If you leave a blank line to separate groups of data, be sure to number the line sequentially.

Unit: Report the Unit code from the accompanying list to indicate the Unit you are reporting.

Participating Area (PA): Report the Participating Area code from the accompanying list to indicate the PA you are reporting. If the expenditure amount to be reported is for a lease or property not in an existing PA, a project identifier must be requested before application.

Credit Type: Report the statute for which the credit is claimed under (e.g., the credit type for the alternative tax credit under AS 43.55.025 is reported as AS 43.55.025).

Expenditure Item: This is the name of the expenditure information that must be reported.

Remittance Item: This is the name of the remittance information that must be reported.

Credit Item: This is the name of the credit information that must be reported.

Amount: Report the amount for the corresponding expenditure, remittance, or credit item being reported. Unless specified otherwise, amounts should be reported in U.S. dollars.

Certificate Number: Report the certificate number for the credit.

Adjustment Explanation: List the adjustments being made to the payment amount or credit amount  
Payment adjustments should be listed by month being adjusted (e.g. If January and February payment amounts are being adjusted, list the payment adjust for both January and February).

**Expenditures Information:**

For operations within a unit, report information at the Participating Area (PA) level, except where information is requested at the unit level only. PA costs should include unit costs that are allocated to the PA, in addition to PA-specific costs. Information requested at the unit level should only reflect the producer's/explorer's share of the unit.

The following are the expenditure items and appropriate reporting level to be reported on this form:

1. Qualified Capital Expenditures (PA level)
2. Capex Exclusion per AS 43.55.165(e)(18) (PA level)
3. Capex Exclusion per AS 43.55.165(e)(19) (Unit level)
4. Capex Adjustments per AS 43.55.170 (Unit level)
5. Non-capital Lease Expenditures excluding overhead (PA level)
6. Overhead Allowance under 15 AAC 55.271 (PA level)
7. Property Tax Lease Expenditures included in Non-capital Lease Expenditures (PA level)
8. Net Profit Share Lease Payments to the state included in Non-capital Lease Expenditures (PA level)
9. Exclusions per AS 43.55.165(e)(19) (Unit level)
10. Non-capital Adjustments per AS 43.55.170 (Unit level)

NOTE: Expenditure Lines marked "PA Level" should be repeated for that item for each PA within the Unit being reported.

**Remittance Information:**

The following are the remittance items to be reported on this form:

1. Gross Value at the Point of Production of the oil and gas produced during the period
2. 1/12th adjusted Lease expenditures that are deductible for the year for the lease or properties
3. Sum of 25% and the tax rate calculated for the month under AS 43.55.011(g). This should be reported as a percent.
4. Credits subtracted this period in calculating monthly installment payment of estimated tax for this period
5. Monthly installment payment of estimated tax for the period, excluding conservation surcharges
6. Additional payment or adjustment included with this form. Repeat this line for each prior month payment being adjusted.
7. AS 43.55.201 Conservation Surcharge Payment Remitted
8. AS 43.55.300 Conservation Surcharge Payment Remitted
9. Total All Payments Remitted with this form. Sum of monthly installment payment of estimated tax liability, adjustments, and conservation surcharge payments.

**Credits Information:**

Estimated credits generated to date, future anticipated credits from activity this reporting period, credits used in calculating installment payment of estimated tax, and credits transferred to other companies and the state must be reported by credit type on this form. The following section details how this information is to be reported by credit type.

Note: For the purposes of this form, the amount of credits “generated” is the expected amount of credits that will be applied against current or future tax liability or certificated for later use or sale; on this form, a credit certificate does not have to be issued for a credit to be considered generated.

AS 43.55.023(a) Credits Generated in a Prior Year (includes .023(a)(1) and .023(a)(2) credits)

1. Generated in prior year and not yet used: Beginning Balance

The current month’s beginning balance of all credits of this type that were generated in a prior year and are yet to be applied against a tax liability.

2. Generated in prior year and not yet used: Adjustments

Adjustments made during the month to the beginning balance of credits generated in a prior year and not yet applied against a tax liability. For example, if a credit certificate was issued for a .023(a) generated credit that is included in the beginning balance and that credit certificate was sold to the state or another company, then this sale should be reflected with an adjustment to the beginning balance. If a revision was made to the beginning balance of the credits generated, this should be reflected as an adjustment.

3. Generated in prior year and not yet used: Credits Subtracted

The amount reported in the beginning balance, after any adjustments, which was applied against the tax liability in calculating this reporting period’s monthly installment payment.

4. Generated in prior year and not yet used: Ending Balance

The remaining amount of credits generated in prior year and not yet used after the adjustments and credits subtracted from tax liability have been deducted from the beginning balance amount. The Ending Balance amount should equal the sum of the Beginning Balance, Adjustments, and Credits Subtracted.

AS 43.55.023(a) Credits Generated in Current Year (includes .023(a)(1) and .023(a)(2) credits)

1. Generated in current year and not yet used: Beginning Balance

The current month’s beginning balance of all credits of this type that were generated this year and are yet to be applied against a tax liability.

2. Generated in current year and not yet used: Adjustments

Adjustments made during the month to the beginning balance of credits generated this year and not yet applied against a tax liability. For example, if a credit certificate was issued for a .023(a) generated credit that is included in the beginning balance and that credit certificate was sold to the state or another company, then this sale should be reflected with an adjustment to the beginning balance. For example, if a revision was made to the beginning balance of the credits generated, this should be reflected as an adjustment.

3. Generated in current year and not yet used: Credits Generated

The amount of future anticipated credits generated in the current year. For the purposes of this form, the amount of credits "generated" is the expected amount of credits that will be applied against current or future tax liability or certificated for later use or sale; on this form, a credit certificate does not have to be issued for a credit to be considered generated.

4. Generated in current year and not yet used: Credits Subtracted

The amount reported in the beginning balance, after any adjustments, which was applied against the tax liability in calculating this reporting period's monthly installment payment.

5. Generated in current year and not yet used: Ending Balance

The remaining amount of credits generated in the current year and not yet used after the adjustments and credits subtracted from tax liability have been deducted from the beginning balance amount. The Ending Balance amount should equal the sum of the Beginning Balance, Adjustments, and Credits Subtracted.

AS 43.55.023(b), AS 43.55.023(i), AS 43.55.023(l), AS 43.55.025, AS 43.55.025(j), AS 38.05.180(i), AS 41.09.010, AS 43.55.019 Credits Generated and not yet used

1. Generated and not yet used: Beginning Balance

The current month's beginning balance of all credits of this type that have been generated and not yet applied against a tax liability.

2. Generated and not yet used: Adjustments

Adjustments made during the month to the beginning balance of credits of this type that have been generated and not yet applied against a tax liability. For example, if a credit certificate was issued for a generated credit that is included in the beginning balance and that credit certificate was sold to the state or another company, then this sale should be reflected with an adjustment to the beginning balance. If a revision was made to the beginning balance of the credits generated, this should be reflected as an adjustment. If a transferable credit certificate issued under AS 43.55.025 is purchased from another company, report the amount of the credits purchased as an adjustment.

3. Generated and not yet used: Credits Generated

The amount of future anticipated credits generated from activity this period. For the purposes of this form, the amount of credits “generated” is the expected amount of credits that will be applied against current or future tax liability or certificated for later use or sale; on this form, a credit certificate does not have to be issued for a credit to be considered generated.

Note that no .023(i) credits should be reported as generated because Credits Generated concerns only credits generated from activity this period.

4. Generated and not yet used: Credits Subtracted

The amount reported in the beginning balance, after any adjustments, which was applied against the tax liability in calculating this reporting period’s monthly installment payment.

For .025 and .025(*l*) credits, the amount subtracted from the tax liability should be separated into credits that were earned and credits that were purchased. The credit item for purchased credits subtracted this period is “Generated and not yet used: Credits which were Earned and Subtracted”, and the credit item for purchased credits subtracted this period is “Generated and not yet used: Credits which were Purchased and Subtracted”.

5. Generated and not yet used: Ending Balance

The remaining amount of credits generated and not yet used after the adjustments and credits subtracted from tax liability have been deducted from the beginning balance amount. The Ending Balance amount should equal the sum of the Beginning Balance, Adjustments, and Credits Subtracted.

Note: credits claimed under AS 43.55.025(b) & (c), AS 43.55.025(b) & (d), AS 43.55.025(b), (c), & (d), and AS 43.55.025(k) are to be reported as credit type AS 43.55.025; only credits claimed under 43.55.025(*l*) are to be reported separately.

AS 43.55.023(d), AS 43.55.023(m), AS 43.55.025, and AS 43.55.025(*l*) Credits Subtracted from Tax Liability, Sold, or Purchased

1. Subtracted from Tax Liability this period

The amount of credits applied against the tax liability in calculating the reporting month’s installment payment. List by credit type (e.g. AS 43.55.023(d)) and credit certificate, and list the certificate number. Instructions for reporting the amount of .025 and .025(*l*) credits subtracted is already explained above; these amounts do not need to be reported twice on the form.

2. Sold this period to the State

The amount of credits sold to the State during the reporting month. List by credit type and certificate number.

3. Sold this period to Other Company

The amount of credits sold to another company during the reporting month. List by credit type and certificate number.

4. Purchased this Period

The amount of credits purchased this period. List by credit type and credit certificate number.

Note: credits claimed under AS 43.55.025(b) & (c), AS 43.55.025(b) & (d), AS 43.55.025(b), (c), & (d), and AS 43.55.025(k) are to be reported as credit type AS 43.55.025; only credits claimed under 43.55.025(l) are to be reported separately.

AS 43.55.024(a) and AS 43.55.024(c) Credits

1. Credits Subtracted Year-to-date

The amount of credits subtracted year-to-date in calculating monthly installment payments.

2. Credits Subtracted this Month

The amount of credits subtracted this reporting month in calculating the monthly installment payment.

**Note:**

A generic example of a completed EMR Expenditure, Credit, and remittance report is included in the instructions.