

Obtain additional information or assistance by calling one of the numbers listed below:

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 and 928, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at www.azdor.gov.

General Instructions

ARS §§ 43-1083.02 and 43-1164.03 provide nonrefundable individual and corporate income tax credits for production of electricity by a qualified energy generator that produces electricity using a qualified energy resource.

“Qualified energy generator” means a facility that has at least five megawatts generating capacity, that is located on land in Arizona owned or leased by the taxpayer, that produces electricity using a qualified energy resource and that sells electricity to an unrelated entity, unless the electricity is sold to a public service corporation.

“Qualified energy resource” means a resource that generates electricity through the use of only: solar light, solar heat, wind or biomass.

The qualified energy generator must first produce electricity from and after December 31, 2010, and before January 1, 2021. The credit is effective for taxable years beginning from and after December 31, 2010.

The Department will certify credits on a first-come, first-served basis. The entity that holds title to the qualified energy generator must apply between January 2 and January 31 of the year following the calendar year of production. Fiscal year taxpayers will claim the credit on the return for the taxable year in which the calendar year ends.

The amount of total credits the Department of Revenue may allow cannot exceed \$20 million in any calendar year. The amount of credit per facility is limited to \$2 million per calendar year, for up to 10 consecutive calendar years. The amount of the credit is based on electricity produced, the qualified energy resource used, the year of production, and Department certification.

The Department will issue a Certificate of Renewable Energy Production Tax Credit (“Certificate”) to the applicant if it is certified to claim the tax credit. Each taxpayer must attach a copy of the Certificate to its return.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business. The unused portion of this tax credit may be carried forward for five succeeding taxable years.

For more information regarding this credit, review the program guidelines developed by the Department. They are available on the Department's website: www.azdor.gov.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an IRS individual taxpayer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

Part I - Current Taxable Year's Credit

Line 1 -

If the taxpayer received a Certificate from the Department, check the “Yes” box. Otherwise, check the “No” box and do not file Form 343.

Line 2 -

If you checked the “Yes” box on line 1, enter the amount of credit for calendar year 2011 on your Certificate from the Department. Be sure to attach a copy of your Certificate.

Part II - S Corporation Credit Election and Shareholder's Share of Credit

Line 3 - S Corporation Credit Election

S corporations must complete line 3. The S corporation must make an irrevocable election to either claim the current taxable year credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 4 through 6 and complete Part IV and Part V.

Lines 4 through 6 -

If an S corporation elects to pass the credit through to its shareholders, it must also complete lines 4 through 6. After the S corporation completes Part I, it must complete Part II, lines 4 through 6, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of the completed Form 343 and a copy of the Certificate.

Part III - Partner's Share of Credit

Partnerships must complete Form 343, Part I. The partnership must complete Part III, lines 7 through 9, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of the completed Form 343 and a copy of the Certificate. Each partner would then complete Part IV and Part V.

Part IV - Available Credit Carryover

NOTE: *Since 2011 is the first year for this credit, there can be no carryover from a prior year. For the 2011 taxable year, do not enter any amount on lines 10 through 15.*

Use Part IV to figure your total available credit carryover from prior taxable years. Complete lines 10 through 15, columns (a) through (d), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 10 through 14. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 10 through 14 in column (d). Enter the total on line 15, column (d). This is the total credit carryover available for the current taxable year.

Part V - Total Available Credit

Line 16 -

Enter the current year's credit.

Individuals and corporations (including S corporations that elected to claim the credit) - enter the amount from Part I, line 2.

S corporation shareholders - enter the amount from Part II, line 6.

Partners of a partnership - enter the amount from Part III, line 9.

Line 17 -

Enter the available credit carryover from prior years from Part IV, line 15, column (d).

Line 18 -

Add lines 16 and 17. This is the total available renewable energy production tax credit that may be applied to the current year's tax liability.

Corporations and S corporations - enter the total here and on Form 300, Part I, line 19.

Individuals - enter the total here and on Form 301, Part I, line 25.