

# 2017 Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers and International Operations Centers

**Arizona Form  
351**

## For information or help, call one of the numbers listed:

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

## Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

## Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

## Publications

To view or print the department's publications, go to our website and click on *Publications*.

## General Information

This credit provides nonrefundable individual and corporate income tax credits for investment in new renewable energy facilities or for International Operations Centers that produce energy for self-consumption using renewable energy resources. The credit authorized is \$5 million per year for five years. The initial credit is claimed in the year the facility becomes operational.

## Claiming this Credit

To claim this credit, a taxpayer must apply to the Arizona Department of Revenue (Department) for certification. The department reviews and pre-approves the taxpayer for the credit on a first-come, first-served basis. The maximum amount of this credit a taxpayer can receive is \$5,000,000 per tax year. The department may not authorize tax credits under A.R.S. §§ 43-1083.04 and 43-1164.05 that exceed, in the aggregate, a total of \$10 million for any calendar year.

The taxpayer must submit a request for final certification to the department within 30 days after the renewable energy facility for which authorization was given becomes operational. See the program guidelines at [www.azdor.gov](http://www.azdor.gov) under the "Tax Credits" section.

There are two means of qualifying for this credit: (a) as a manufacturing facility (Manufacturer); or (b) as an International Operations Center (IOC).

### To qualify as a Manufacturer, a taxpayer must:

- Invest \$300 million in new renewable energy facilities in Arizona.
- Those facilities *must* produce energy for self-consumption using renewable energy resources.
- The \$300 million investment must be completed within a 3-year period beginning on the date the initial application was received by the department or by December 31, 2017, whichever is earlier.
- At least 90 percent of the energy produced at the facility must be used for self-consumption in Arizona.
- The power generated is used primarily for manufacturing.

### To qualify as an IOC, a taxpayer must:

- Invest at least \$100 million in one or more renewable energy facilities in Arizona.
- The minimum investment of \$100 million must be completed within a 3-year period beginning on the date the initial application is received by the department or by December 31, 2018, whichever is earlier.
- Invest \$1.25 billion in the IOC within 10 years after being certified by the Arizona Commerce Authority (ACA).
- The energy produced must be used for self-consumption
- By the fifth year the facility is in operation, at least 51 percent of the energy produced must be used for self-consumption in Arizona.

This credit is available to corporate taxpayers, exempt organizations subject to unrelated business taxable income (UBTI), partners in a partnership, members of a limited liability company (LLC), and to shareholders of an S corporation. The total of the credits may not exceed the amount that would have been allowed for a sole owner of the business.

If the current taxable year's credit exceeds the taxpayer's tax liability for the taxable year, the taxpayer may carry forward the unused credit to the next five consecutive taxable years. No credit, other than carryovers generated properly, may be claimed for any taxable year beginning after December 31, 2025.

## Credit Recapture

### Manufacturer:

If a taxpayer fails to meet the required investment for a Manufacturer, the taxpayer must cease claiming any credits and recapture any and all credit(s) already claimed.

The recapture must be made on the taxpayer's income tax return for the taxable year in which it is first known that the required investment would not be made within the required time or the taxable year in which the certification was revoked.

### International Operations Center:

If an IOC taxpayer fails to make the \$1.25 billion investment in the center within the 10 years after certification, this credit is recaptured in inverse proportion to the total capital investment made in the IOC by the \$1.25 billion. The recapture must be made on the taxpayer's income tax return for the taxable year in which it is first known that the required investment would not be made within the required time or the taxable year in which the certification was revoked.

### IOC Example:

Ten years after its certification, an IOC taxpayer invested \$900 million in its center and claimed \$25 million for this credit (\$5,000,000 per year for 5 years.) The IOC taxpayer will determine its credit recapture by subtracting its total investment (\$900 million) from the required investment (\$1.25 billion) and dividing that amount by the required investment.

*IOC Example (continued from page 1):*

IOC taxpayer invests \$900 million in 10 years.  
Required investment amount is \$1.25 billion.

Required Investment	\$1,250,000,000
Total Investment	\$ 900,000,000
Amount not invested	\$ 350,000,000
Amount not invested	\$ 350,000,000
Required Investment	\$1,250,000,000
Percentage not invested	28%
Calculate Credit Recapture	
Total Credit Claimed	\$25,000,000
Percentage (above)	28%
<b>Amount to Recapture</b>	<b>\$ 7,000,000</b>

The IOC taxpayer will report a credit recapture on its income tax return of \$7 million.

**Specific Instructions**

Complete the name and taxpayer identification number (TIN) section at the top of the form. Indicate the period covered by the taxable year. Include the completed form and all supporting documentation with the tax return.

All returns, statements, and other documents filed with the department require a TIN. The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number (EIN). The TIN for an individual is the taxpayer's Social Security Number (SSN) or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

**NOTE – To claim this credit:**

- **Individual taxpayers**, complete this credit form and Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture. Include both completed forms with your tax return.
- **C corporations, S corporations claiming this credit at the corporate level, and exempt organizations with UBTI**, complete this credit form and Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture. Include both completed forms with your tax return.
- **S corporations electing to pass this credit through to its shareholders**, complete this credit form and Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture. Also, complete Form 351-S for each shareholder of the S corporation. Provide each shareholder a copy of his or her completed Form 351-S. Include Form 300, Form 351, and one copy of each completed Form 351-S with your tax return.
- **Partnerships**, complete this credit form. Also, complete Form 351-P for each partner of the partnership. Provide each partner a copy of his or her completed Form 351-P. Include Form 351 and one copy of each completed Form 351-P with your tax return.

**Part 1 – Qualification for and Current Taxable Year's Credit**

**Line 1 -**

If you received any certificate(s) directly from the department, check the "Yes" box and include a copy of the certificate. If you did not, check the "No" box and skip to line 4.

**Line 2 -**

Enter the facility code for which you received the credit.

**Line 3 -**

Enter the total amount of the credit authorized by the certificate.

**Line 4 -**

If you received a Form 351-S or a Form 351-P, check the "Yes" box and include a copy of the form. If you did not, check the "No" box and skip to Part 2.

**Line 5 -**

Enter the facility code indicated on Form 351-S or Form 351-P.

**Line 6 -**

Enter the name and EIN of the company passing the credit through to you.

**Line 7 -**

Enter your portion of the credit indicated on Form 351-S or Form 351-P. If you receive this credit from more than one partnership and/or S corporation, enter the total of all credits passed through from partnerships and/or S corporations.

**Line 8 -**

Add lines 3 and 7 and enter the total.

**NOTE:** If you are a partner or shareholder in multiple entities receiving this tax credit, create a schedule detailing the amount of the credit that was passed through to you from each partnership or S corporation, and include that schedule with your tax return.

**Line 9 -**

Enter the lesser of line 8 or \$5,000,000. This is your current year's total tax credit. This amount cannot exceed \$5 million.

**NOTE:** The maximum credit allowed per taxpayer per taxable year is \$5 million.

**Part 2 – Credit Recapture**

**NOTE:** If you are a partnership or S corporation that passed the credit through to partners or shareholders, do not complete Part 2. You will report the recapture to the partners or shareholders on either Form 351-P or Form 351-S.

**Line 10 -**

If you received a notice from the department that your credit is subject to recapture, check the "Yes" box, and include a copy of the notice. If you did not, check the "No" box and skip to line 17.

**Line 11 -**

Enter the facility code indicated on the certificate.

**Line 12 -**

Enter the taxable year(s) in which you took a credit or credit carryover as a Manufacturer or IOC.

**Line 13 -**

Enter the credit amount previously authorized by the department.

**Line 14 -**

Enter the amount of credit carryover that remains unused.

**Line 15 -**

Subtract line 14 from line 13 and enter the amount.

**Is line 15 less than zero?**

If you subtract line 14 from line 13 and your result is less than zero, you may be eligible to use a portion of your credit carryforward.

To determine the amount of credit carryforward you can use, subtract line 13 from line 14. The difference is the amount of this credit you can carry forward.

**EXAMPLE:**

*On your Form 351, line 13 is \$5,000,000 and line 14 is \$4,000,000. If you subtract line 14 from line 13, the result is negative (\$1,000,000).*

*As instructed above, you then subtract line 13, \$5,000,000, from line 14, \$4,000,000. The difference is \$1,000,000.*

*This is the amount of this credit you can carry forward.*

**Line 16 -**

Enter the greater of line 15 or "0". This is the amount of your direct recapture.

**NOTE:** *If you are a partner or shareholder in multiple entities receiving this tax credit, complete a schedule detailing the amount of the credit subject to recapture that was passed through to you from each partnership or S corporation, and include that schedule with your tax return.*

**Line 17 -**

If you received a notice of recapture on Form 351-S or 351-P, check the "Yes" box and include a copy of the form. If you did not, check the "No" box and skip to Part 3.

**Line 18 -**

Enter the name and EIN of the partnership or S corporation who sent you the notice of recapture.

**Line 19 -**

Enter the tax year(s) you claimed the credit.

**Line 20 -**

Enter the total amount of the credit subject to recapture passed through to you on Form 351-P, Part 2, line 7 and/or Form 351-S, Part 2, line 7.

**Line 21 -**

Enter the amount of the credit carryover that remains unused.

**Line 22 -**

Subtract line 21 from line 20 and enter the difference.

**Is line 22 less than zero?**

If you subtract line 21 from line 20 and the difference is less than zero, you may be eligible to use a portion of your credit carryforward.

To determine the amount of credit carryforward you can use, subtract line 20 from line 21. The difference is the amount of this credit you can carry forward.

**EXAMPLE:**

*On your Form 351, line 21 is \$5,000,000 and line 20 is \$4,000,000. If you subtract line 21 from line 20, the difference is negative (\$1,000,000).*

*As instructed above, you then subtract line 20, \$5,000,000, from line 21, \$4,000,000. The result is \$1,000,000.*

*This is the amount of credit you can carry forward.*

**Line 23 -**

Enter the greater of line 22 or "0". This is the amount of the credit recapture passed through to you from an S corporation or a partnership.

**Line 24 -**

Add lines 16 and 23 and enter the total.

**This is your total recapture amount.**

- Individuals enter this amount on Form 301, line 39.
- C corporations, S corporations that elected to claim this credit at the corporate level, and exempt organizations with UBTI, enter this amount on Form 300, line 30.

---

## Part 3 – Available Credit Carryover

---

Use Part 3 to figure your total available credit carryover from prior taxable years. Columns (a) through (c) represent the tax years for which you claimed this credit. Complete lines 25 through 29, columns (a) through (c), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

**S corporations**, if this credit was claimed at the corporate level in a prior taxable year and there is a carryover amount available, complete Part 3.

**NOTE:** *This credit has a five year carryforward. You have five years in which to apply this credit to your Arizona taxes.*

**Line 25 -**

Enter the amount of the credit originally computed for the first year you claimed the credit.

**Line 26 -**

Enter the amount of the credit you previously claimed on an earlier tax return.

**Line 27 -**

Subtract line 26 from line 25 and enter the difference. This is your net available credit carryover.

**Line 28 -**

Enter the amount of this credit carryover that was disqualified.

**Line 29 -**

Subtract line 28 from line 27 and enter the difference.

**Line 30 -**

Add lines 29(a) through (c) and enter the total. **This is your total available credit carryover.**

---

---

**Part 4 – Total Available Credit**

---

---

**Line 31**

*Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI* - enter the amount from line 9. This is your total current year's credit. It is the sum of the current year's credit that you established and also the pass-through credit you received in the current year.

*Partnerships*, enter "0".

*S corporations that passed the current year credit through to shareholders*, enter "0".

*Individuals*, also enter this amount on Form 301, line 30, column (a).

*C corporations, S corporation that elected to claim this credit at the corporate level, and exempt organizations with UBTI*, also enter this amount on Form 300, line 23, column (a).

**Line 32 -**

*Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI* - enter the amount from Part 3, line 30. This is your total available credit carryover for renewable energy investment and production for self-consumption by manufacturers and international operations centers.

*Individuals*, also enter this amount on Form 301, line 30, column (b).

*C corporations, S corporations that elected to claim this credit at the corporate level, and exempt organizations with UBTI*, also enter this amount on Form 300, line 23, column (b).

**Line 33 -**

*Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI* - add line 31 and line 32, enter the total. This is the total available credit that may be applied to the current year's tax liability.

*Individuals*, also enter this amount on Form 301, line 30, column (c). *C corporations, S corporations that elected to claim this credit at the corporate level, and exempt organizations with UBTI*, also enter this amount on Form 300, line 23, column(c).

**Part 5 - S Corporation Credit Election**

**Lines 34, 34a, & 34b – S Corporation Credit Election**

**PASSING THIS CREDIT THROUGH TO SHAREHOLDERS OF AN S CORPORATION**

The S corporation must complete line 34. The S corporation must make an irrevocable election either to claim the current taxable year credit at the corporate level, or to pass the current taxable year credit through to its shareholders.

**NOTE:** *Trusts and estates that are shareholders of S corporations are NOT eligible to claim this credit on their Arizona returns. However, the ownership share of an S corporation that is disregarded for federal income tax purposes is treated as owned by the grantor. If the grantor is an individual, he or she may claim his or her share of the credit.*

An S corporation must complete its own Form 351, Parts 1 through 5 (as necessary) to pass this credit through to its shareholders.

To Complete Part 5, the S corporation must:

- Enter the ending date for this tax year.
- Check the box on line 34a electing to claim the current taxable year credit at the corporate level; or
- Check the box on line 34b electing to pass the current taxable year credit through to its shareholders.
- Have the form signed by an officer of the S corporation.

**NOTE:** *If you have more than 10 shareholders, create a similar worksheet to pass through the credit amount. Include that schedule with your return.*

*To pass this credit amount through to your shareholders - enter the tax year(s) on the notice you received from the Department or from Forms 351-P or 351-S you received.*

**Using the table below, complete lines 1 – 10 as follows:**

- Enter each shareholder’s name in column (a).
- Enter the shareholder’s corresponding ownership percentage of the S corporation in column (b).
- Enter the total credit amount from the certificate or Form 351 you received in each line of the worksheet in column (c).
- Multiply column (b) by column (c) and enter the result in column (d) for each shareholder.

The amounts indicated in column (d) are the respective shareholder’s portion of this credit.

Enter the amount(s ) from column (d) in each respective shareholder’s Form 351-S, line 3(c).

**Total:**

Add the amounts in column (d) and enter the total. This amount will equal the credit amount on the certificate you received from the Department.

To complete the pass through of this credit, the S corporation must complete Form 351-S for each shareholder, and:

- Provide each shareholder with their respective copy of Form 351-S,
- Include a copy of each completed Form 351-S with its tax return, and
- Keep a copy of each Form 351-S for its records.

The shareholder will then complete his or her own Form 351 to claim this credit.

**NOTE:** *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.*

**Use this worksheet to figure the amount of the credit to be passed through to each shareholder.**

Tax Year	(a) Shareholder	(b) Ownership %	(c) Credit Amount	(d) Shareholder’s Portion
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
<b>Total</b>				<b>\$</b>

**RECAPTURE OF THIS CREDIT PASSED THROUGH TO SHAREHOLDERS OF AN S CORPORATION**

If you passed this credit through to your shareholders in a previous tax year and then received a notice from the Arizona Department of Revenue that your credit is subject to recapture during this year, you must pass the amount(s) subject to recapture through to your shareholders who received the original credit.

This credit was passed through to your shareholders based on their ownership percentage (per year). The recapture amount is based on a percentage of the total credit passed through to all shareholders. You will receive a notice of recapture from the department indicating the percentage of this credit that is subject to recapture. You must notify your shareholders of their portion of this amount.

To notify your shareholders of their respective amount(s) of this credit that is subject to recapture from them:

- A. Determine the amount of credit passed through to each shareholder for all years of the credit.
- B. Multiply the amount in A (above) by the recapture percentage (provided by Arizona Department of Revenue).
- C. Complete Part 2 of Form 351-S for each shareholder informing him/her of the amount of this credit subject to recapture.

**Example:**

*S Corporation claimed this credit for five years, 1 through 5. Each year, S Corporation claimed the maximum amount, \$5M. The total credit claimed was \$25M.*

*During the time S Corporation claimed this credit, it had 5 shareholders:*

- *Shareholder A owned 20% of S Corporation for each year, 1 through 5*
- *Shareholder B owned 20% of S Corporation for each year 1 through 5*
- *Shareholder C owned 20% of S Corporation for years 1 through 3; in year 4, Shareholder C sold his ownership percentage of S Corporation to Shareholder D*
- *Shareholder D owned 20% of S Corporation for years 1 through 3; for years 4 and 5, Shareholder D owned 40% of Partnership*
- *Shareholder E owned 20% of S Corporation for each year 1 through 5.*

*During year 7, S Corporation received a notice from the Department indicating 40%, or \$10Million of its credit is subject to recapture.*

*Using the 351-S Forms it completed for years 1 through 5, S Corporation determined it passed through the following amounts of credits to each of its shareholders for these years:*

<b>Shareholder</b>	<b>Total Credit Passed Through</b>
Shareholder A	\$ 5,000,000
Shareholder B	\$ 5,000,000
Shareholder C	\$ 3,000,000
Shareholder D	\$ 7,000,000
Shareholder E	\$ 5,000,000
<b>Total Credit</b>	<b>\$25,000,000</b>

*Multiplying each shareholder’s amount of credit “passed through” by the recapture percentage, 40%, S corporation determined the credit amount(s) subject to recapture for each shareholder is:*

<b>Shareholder:</b>	<b>Credit Passed Through</b>	<b>Recapture %</b>	<b>Shareholder Credit Subject to Recapture</b>
Shareholder A	\$ 5,000,000	40%	\$ 2,000,000
Shareholder B	\$ 5,000,000	40%	\$ 2,000,000
Shareholder C	\$ 3,000,000	40%	\$ 1,200,000
Shareholder D	\$ 7,000,000	40%	\$ 2,800,000
Shareholder E	\$ 5,000,000	40%	\$ 2,000,000
<b>Total Credit</b>	<b>\$25,000,000</b>	<b>40%</b>	<b>\$10,000,000</b>

*S corporation completed Form 351-S for each shareholder above informing him or her of the amount of this credit that is subject to recapture.*

**Part 6 - Partner's Portion of Credit**

**PASSING THIS CREDIT THROUGH TO PARTNERS OF A PARTNERSHIP**

Partnerships must pass this credit through to its individual and/or corporate partners.

**NOTE:** *Trusts and estates that are partners of a partnership are NOT eligible to claim this credit on their Arizona returns. However, the ownership share of a partnership that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.*

A partnership must complete its own Form 351, Parts 1 through 4 (as necessary) to pass this credit through to its partners.

**NOTE:** *If you have more than 10 partners, create a similar worksheet to pass through the credit amount. Include that amount with your return.*

**To pass this credit amount through to your partners** - enter the Tax Year(s) on the notice you received from the Department or from Forms 351-P you received.

**Using the table below, complete lines 1 – 10 as follows:**

- Enter each partner's name in column (a)
- Enter the partner's corresponding ownership percentage of the partnership in column (b)

- Enter the total credit amount from the certificate or Form 351 you received in each line of the worksheet in column (c).
- Multiply column (b) by column (c) enter the result in column (d) for each partner

**The amounts indicated in column (d) are the respective partner's portion of this credit.**

Enter the amount(s) from column (d) in each respective partner's Form 351-P, line 3(c).

**Total:**

Add the amounts in column (d) and enter the total. This amount will equal the credit amount on the certificate you received from the Department.

To complete the pass through of this credit, the partnership must complete Form 351-P for each partner, and:

- Provide each partner with their respective copy of Form 351-P,
- Include a copy of each completed Form 351-P with its tax return, and
- Keep a copy of each completed Form 351-P for its records.

The partner will then complete its own Form 351 to claim this credit.

**NOTE:** *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.*

**Use this worksheet to figure the amount of the credit to be passed through to each partner.**

Tax Year	(a) Partner	(b) Ownership %	(c) Credit Amount	(d) Partner's Portion
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
<b>Total</b>				<b>\$</b>

**RECAPTURE OF THIS CREDIT PASSED THROUGH TO PARTNERS OF A PARTNERSHIP**

If you passed this credit through to your partners in a previous tax year and then received a notice from the Arizona Department of Revenue that your credit is subject to recapture during this year, you must pass the amount(s) subject to recapture through to your partners that received the credit.

This credit was passed through to your partners based on their ownership percentage (per year). The recapture amount is based on a percentage of the total credit passed through to all partners. You will receive a notice of recapture from the Department indicating the percentage of this credit that is subject to recapture. You must notify your shareholders of their portion of this amount.

To notify your partners of their respective amount(s) of this credit that is subject to recapture from them:

- A. Determine the amount of credit passed through to each partner for all years of the credit
- B. Multiply the amount in A (above) by the recapture percentage (provided by Arizona Department of Revenue)
- C. Complete Part 2 of Form 351-P for each partner informing him/her of the amount of this credit subject to recapture.

**Example:**

Partnership claimed this credit for five years, 1 through 5. Each year, Partnership claimed the maximum amount, \$5M. The total credit claimed was \$25M.

During the time Partnership claimed this credit, it had 5 Partners:

- Partner A owned 20% of Partnership for each year, 1 through 5
- Partner B owned 20% of Partnership for each year 1 through 5
- Partner C owned 20% of Partnership for years 1 through 3; in year 4, Partner C sold his ownership percentage of Partnership to Partner D
- Partner D owned 20% of Partnership for years 1 through 3; for years 4 and 5, Partner D owned 40% of Partnership
- Partner E owned 20% of Partnership for each year 1 through 5.

During year 7, Partnership received a notice from the Department indicating 40%, or \$10Million of its credit is subject to recapture.

Using the 351-P Forms it completed for years 1 through 5, Partnership determined it passed through the following amounts of credits to each of its partners for these years:

<b>Partner</b>	<b>Total Credit Passed Through</b>
Partner A	\$ 5,000,000
Partner B	\$ 5,000,000
Partner C	\$ 3,000,000
Partner D	\$ 7,000,000
Partner E	\$ 5,000,000
<b>Total Credit</b>	<b>\$25,000,000</b>

Multiplying each partner’s amount of credit “passed through” by the recapture percentage, 40%, Partnership determined the credit amount(s) subject to recapture for each individual partner is:

<b>Partner:</b>	<b>Credit Amount</b>	<b>Recapture %</b>	<b>Subject to Recapture</b>
Partner A	\$ 5,000,000	40%	\$ 2,000,000
Partner B	\$ 5,000,000	40%	\$ 2,000,000
Partner C	\$ 3,000,000	40%	\$ 1,200,000
Partner D	\$ 7,000,000	40%	\$ 2,800,000
Partner E	\$ 5,000,000	40%	\$ 2,000,000
<b>Total Credit</b>	<b>\$25,000,000</b>	<b>40%</b>	<b>\$10,000,000</b>

Partnership completed Form 351-P for each partner above informing him or her of the amount of this credit that is subject to recapture.



## Form 351-S, S Corporation Shareholder's Portion of the Credit

Indicate the taxable year for which this credit is being passed through to your shareholders.

Complete Form 351-S for each shareholder except for trust or estate shareholders. However, an S corporation ownership share that is owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. If the grantor is an individual, he or she may claim his or her share of the credit.

**NOTE:**

*S corporations use Form 351-S to notify each shareholder of their share of:*

- *The credit to be claimed, or*
- *The credit subject to recapture.*

**To distribute the credit to the S corporation shareholders (complete lines 1 through 3):**

**Line 1**

- a) Enter the S corporation name
- b) Enter the S corporation's EIN
- c) Enter the facility code for which this credit was received.

**Line 2**

- a) Enter the shareholder's name
- b) Enter the shareholder's TIN

**Line 3a, 3b, and 3c**

- a) Enter the amount of this credit for which the S corporation was approved from Part 1, line 9.
- b) Enter the shareholder's ownership percentage
- c) Multiply line 3(a) by line 3(b) and enter the result.

**This is the shareholder's portion of this credit.**

**To distribute the recapture amount to the S corporation shareholders (complete lines 4 through 7):**

**Line 4**

- a) Enter the S corporation name
- b) Enter the S corporation EIN

**Line 5**

- a) Enter the shareholder's name
- b) Enter the shareholder's TIN

**Line 6**

- a) Enter the facility code for which this credit was originally approved
- b) Enter the tax year(s) for which this credit was originally approved

**Line 7**

Enter the shareholder's portion of the credit subject to recapture from the worksheet in the instructions.

**This is the shareholder's portion of the credit subject to recapture.**

## Form 351-P, Partner's Portion of the Credit

Indicate the taxable year for which this credit is being passed through to your partners.

Complete Form 351-P for each partner except for trust or estate partners. However, a partnership ownership share that is owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.

**NOTE:**

*Partnerships use Form 351-P to notify each partner of their share of:*

- *The credit to be claimed, or*
- *The credit subject to recapture.*

**To distribute the credit to the partners of the partnership (complete lines 1 through 3):**

**Line 1**

- a) Enter the partnership name
- b) Enter the partnership's EIN
- c) Enter the facility code for which this credit was received.

**Line 2**

- a) Enter the partner's name
- b) Enter the partner's TIN

**Line 3a, 3b, and 3c**

- a) Enter the amount of this credit for which the partnership was approved from Part 1, line 9.
- b) Enter the partner's ownership percentage
- c) Multiply line 3(a) by line 3(b) and enter the result.

**This is the partner's portion of this credit.**

**To distribute the recapture amount to the partners of the partnership (complete lines 4 through 7):**

**Line 4**

- a) Enter the partnership name
- b) Enter the partnership EIN

**Line 5**

- a) Enter the partner's name
- b) Enter the partner's TIN

**Line 6**

- a) Enter the facility code for which this credit was originally approved
- b) Enter the tax year(s) for which this credit was originally approved

**Line 7**

Enter the partner's portion of the credit subject to recapture from the worksheet in the instructions.

**This is the partner's portion of the credit subject to recapture.**