Missouri Department of Agriculture

New Generation Cooperative Incentive Tax Credit Program

Purchaser

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New Generation Cooperative Incentive Tax Credit Program

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Who is Eligible to Purchase the New Generation Cooperative Incentive Tax Credits?

Any taxpayer that would have a Missouri tax liability due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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Purpose

Producer-Member

Purchaser

- Who is Eligible
- Amount Purchased
- Used by Owners
- Rights and Liabilities
- When can be Used

Professionals

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Amount of New Generation Cooperative Incentive Tax Credits that can be Purchased

- There is no limit on the amount of tax credits that be purchased by the new owner.
- Tax credit owners may use, hold, sell, or transfer in any combination so long as the aggregate does not exceed the balance of credits available.

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New Generation Cooperative Incentive Tax Credit Program

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How the New Generation Cooperative Incentive Tax Credits can be Used by New Owners

Tax credits can be used by their owner to offset eligible tax liabilities due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

New Generation Cooperative Incentive Tax Credit Program

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If another taxpayer purchases excess Credit after the first eligible taxable year has passed, when may the new owner claim the Credit and for what tax periods may the Credit be claimed?

The new owner has the same rights in the Credit as the original member receiving the Credit.

State income tax, the 2003 return is due April 15, 2004. Credits may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004, (three years after the 2000 return was filed on April 16, 2001).

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003. Credits may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 17, 2000, April 16, 2001, and April 15, 2002, respectively. Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid. For most taxpayers, an amended return claiming refund of 2000 franchise tax or 2000 tax on financial institutions must be filed by April 15, 2002 (two years after the 2000 return was filed on April 17, 2000).

Note that most taxpayers will not be able to use a credit received in 2003 to claim a refund for the 2000 taxable year for corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo. An example of when such a claim would be allowed is when the taxpayer paid 2000 corporation franchise tax on May 1, 2001, (more than a year after the due date) and claimed a refund on or before May 1, 2003. In that case, the taxpayer would be able to claim a refund for an amount that did not exceed the tax paid on May 1, 2001.

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New Generation Cooperative Incentive Tax Credit Program

Purchaser

Rights and Liabilities of New Generation Incentive Tax Credits

- Transferability: The tax credits may be assigned, transferred, sold, or otherwise conveyed and the new owner of the tax credit shall have the same rights in the credit as the member except that the carried-forward provision may not exceed the original five-year taxable period.
- Revocation or Repayment of Tax Credits: The Authority may recapture, in full or part, the value of any credits issued to the new generation processing entity producer members if; (1) any representation made by the new generation processing entity to the Authority in connection with an application from the new generation processing entity proves to have been false when made, (2) the new generation processing entity violates any conditions established by the Authority, or (3) the full-time employees or equivalency requirements are not met or maintained.

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Missouri Department of Agriculture

New Generation Cooperative Incentive Tax Credit Program

Purchaser

CONTINUED: Rights and Liabilities of New Generation Incentive Tax Credits

- Liability for repayment or recoupment of tax credits for any misrepresentation remains with the original owner and/or new generation processing entity unless the new generation processing entity signs a tax credit agreement in which case, the new generation processing entity would assume the liability.
- In the event tax credits must be recaptured as a result of underemployment for an “Employee Qualified Capital Project”, the payback amount will be due and payable on the 15th day of the third month subsequent to the occurrence of a condition of revocation.

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New Generation Cooperative Incentive Tax Credit Program

Purchaser

CONTINUED: Rights and Liabilities of New Generation Incentive Tax Credits

- The Authority may recapture from the new generation processing entity producer-member, in full or part, the value of any credits issued if; any representation made by the new generation processing entity producer-member to the Authority in connection with an application from the producer-member proves to have been false when made.

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New Generation Cooperative Incentive Tax Credit Program

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When the New Generation Cooperative Incentive Tax Credits can be Used, Carried-back and Carried-forward once Purchased after the Initial Issued Timeframe.

Carry-back and Carry-forward: The tax credits may be used by their owner to offset eligible tax liabilities due. Credits may be claimed on a quarterly basis and may be carried back to satisfy the state tax liability of the owner of the certificate that was due during each of the three previous taxable years and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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New Generation Cooperative Incentive Tax Credit Program

Purchaser

Purpose

Producer-Member

Purchaser

Who is Eligible

Amount Purchased

Used by Owners

Rights and Liabilities

When can be Used

• page 1 of 4

• page 2 of 4

• page 3 of 4

• page 4 of 4

Professionals

How are the three prior taxable years determined and when must amended returns claiming refunds be filed?

For example, if 2003 is the initial taxable year, credits may be carried back to the 2000, 2001 or 2002 taxable years.

For income tax, the 2003 return is due April 15, 2004. Credits may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004 (three years after the 2000 return was filed on April 16, 2001).

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New Generation Cooperative Incentive Tax Credit Program

Purchaser

If an amended return is filed to claim Credit and the taxpayer receives a refund, are there income tax implications at the federal or state level?

In some cases, the refund may have to be reported, for federal income tax purposes, as income in the year it was received. The most common example of this is when the tax was included in itemized deductions on the original federal income tax return, resulting in a lower tax on that return. For specific questions, the taxpayer should contact the Internal Revenue Service or his or her tax advisor.

The computation of Missouri income tax begins with federal adjusted gross income, so any refund included in federal adjusted gross income will also be included in income for Missouri purposes. Missouri law, however, allows a subtraction from income of any state income tax that was included in federal adjusted gross income and the Missouri individual income tax return and corporation income tax return both provide a line for that subtraction.

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Missouri Department of Agriculture

New Generation Cooperative Incentive Tax Credit Program

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How are the five subsequent taxable years determined?

For example, if 2003 is the initial taxable year credits may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years.

For income tax credits may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years. Returns for these periods are due April 15, 2004, April 15, 2005, April 15, 2006, April 15, 2007, and April 15, 2008, respectively.

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003. Excess credits may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years. Returns for these periods were due April 15, 2004, April 15, 2005, April 15, 2006, April 15, 2007, and April 15, 2008, respectively.

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