

2017 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

Arizona Form 319

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.

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 Instructions

This credit provides nonrefundable individual and corporate income tax credits for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets in houses or dwelling units constructed by the taxpayer. **The houses or dwelling units must be located in Arizona.**

Qualifying installations of solar hot water heater plumbing stub outs must:

- Include two insulated three-fourths inch copper pipes and at least two pairs of wires for monitoring and control purposes that project from the dwelling roof or other suitable locations and that are connected to the domestic hot water transport and storage system.
- Be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices without further expense or effort to reach, use, or serve the domestic hot water system of the house or dwelling.

Qualifying installations of electric vehicle recharge outlets must be connected to the utility system by a dedicated line that:

- Is capable of operating at normal secondary voltages.
- Meets applicable local building safety codes.
- Is commensurate and consistent with electric vehicle recharging needs and methods.

The amount of the credit is equal to the lesser of \$75 or the installation cost for each installation of a solar hot water heater plumbing stub out or an electric vehicle recharge outlet in each separate house or dwelling unit.

The taxpayer that constructed the house or dwelling unit may transfer the credit for that house or dwelling unit to a purchaser or transferee. A taxpayer that transfers the credit for a house or dwelling unit must provide a written statement to the purchaser or transferee of the house or dwelling unit. The written statement must include the name of the purchaser or transferee, the address of the house or dwelling unit, the number of stub outs or outlets installed, the installation cost of each, and a certification that the taxpayer has elected not to claim the credit and has elected to transfer the credit to the purchaser or transferee. If the builder transfers the credits for more than one house or dwelling unit to a purchaser or

transferee, the builder must provide a separate written statement for each house or dwelling unit.

The tax credit is in lieu of a deduction for the expenses of installing the solar hot water heater plumbing stub outs and electric vehicle recharge outlets for which the credit is claimed.

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 credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

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 319-S for each shareholder of the S corporation. Provide each shareholder a copy of his or her completed Form 319-S. Include Form 300, Form 319, and one copy of each completed Form 319-S with your tax return.*
- **Partnerships**, complete this credit form. *Also, complete Form 319-P for each partner of the partnership. Provide each partner a copy of his or her completed Form 319-P. Include Form 319 and one copy of each completed Form 319-P with your tax return.*

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 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.

Part 1 - Current Taxable Year's Credit Calculation

Credit for the Taxpayer That Built the House or Dwelling Unit

Line 1 and Form 319-1 -

Complete Form 319-1 before completing Part 1, line 1, of Form 319. Complete Form 319-1 to list the qualifying installations of solar hot water heater plumbing stub outs and electric vehicle recharge outlets for the taxable year. Enter the total from line 11, column (h) of the completed Form(s) 319-1 on Part 1, line 1, of Form 319.

Line 2 and Form 319-2 -

Complete Form 319-2 before completing Part 1, line 2, of Form 319. Complete Form 319-2 to list (a) the tax credit transfers for solar hot water heater plumbing stub outs and electric vehicle recharge outlets installed during the current taxable year; and (b) the tax credit transfers for solar hot water heater plumbing stub outs and electric vehicle recharge outlets installed in prior taxable year(s). Enter the total from line 11, column (c) of the completed Form(s) 319-2 on Part 1, line 2, of Form 319.

Line 3 -

Subtract line 2 from line 1. Enter the difference.

Line 4 -

Enter the total amount of the credit for the taxpayer that built the house or dwelling unit that was passed through from partnerships on Form 319-P, Part 2, line 4.

Line 5 -

Enter the total amount of the credit for the taxpayer that built the house or dwelling unit that was passed through from S corporations on Form 319-S, Part 2, line 4.

Line 6 -

Add lines 3 through 5. Enter the total. This is the current taxable year's credit for the taxpayer that built the house or dwelling unit. Also, enter this amount on Part 6, line 25.

Credit for the Taxpayer as Purchaser or Transferee of the House or Dwelling Unit -

Line 7 -

Enter the total credit transferred to the purchaser or transferee of the house or dwelling unit by written statement from the builder of the house or dwelling unit.

Line 8 -

Enter the total amount of the credit for the taxpayer as purchaser or transferee of the house or dwelling unit that was passed through from partnerships on Form 319-S, Part 2, line 6. If you received a pass through of this credit from more than one partnership, include a schedule indicating the amount of credit passed through from each partnership.

Line 9 -

Enter the total amount of the credit for the taxpayer as purchaser or transferee of the house or dwelling unit that was

passed through from S corporations on Form 319-S, Part 2 line 8. If you received a pass through of this credit from more than one S corporation, include a schedule indicating the amount of credit passed through from each S corporation.

Line 10 -

Add lines 7 through 9. Enter the total. This is the current taxable year's credit for the taxpayer as purchaser or transferee of the house or dwelling unit. Also, enter this amount on Part 6, line 26.

Part 2 - Partnerships

A partnership claiming this credit *must* pass it through to its partners. Skip to the instructions for completing Form 319-P on page 5.

- Complete Form 319-P for each partner.
- Provide a completed copy of Form 319-P to each partner.
- Include a copy of each completed Form 319-P with your tax return.
- Keep a copy of each completed Form 319-P for your records.
- Do not complete the remainder of this form.

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

NOTE: *Trusts and estates which are partners in a partnership are not eligible to claim these credits. However, the share of a partnership 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 these credits.*

Part 3 - S Corporation Credit Elections and Shareholder's Share of Credit

Lines 11, 11a, & 11b - S Corporation Credit Election

The S corporation must complete line 11 and either line 11a or 11b. The S corporation must make an irrevocable election either to claim the current taxable year credit(s) at the corporate level or to pass the credit(s) through to its shareholders. The S corporation election is made by:

- Entering the date the S corporation taxable year ends in the box provided on line 11.
- Checking the box on line 11a electing to claim the current taxable year credit(s) at the corporate level; or,
- Checking the box on line 11b electing to pass the current taxable year credit(s) through to its shareholders.

NOTE: *The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.*

If the S corporation elects to claim the credit at the corporate level, continue to Part 4 and complete the remainder of the form.

If the S corporation elects to pass this credit through to its shareholders, proceed to the instructions for completing Form 319-S on page 6.

If passing this credit through to the shareholders:

- Complete Form 319-S for each shareholder.

- Provide a copy of completed Form 319-S to each shareholder.
- Include a copy of each completed Form 319-S with your tax return.
- Keep a copy of each completed Form 319-S for your records.

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.

NOTE: *Trusts and estates which are shareholders of an S corporation are not eligible to claim these credits. However, the share of an S corporation 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 these credits.*

Part 4 - Available Credit Carryover for the Taxpayer as Builder of the House or Dwelling Unit

Complete Part 4 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years.

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 4.

Line 12 – Taxable Year

In columns (a) through (e), enter the applicable taxable years.

Line 13 – Original Credit Amount

In columns (a) through (e), enter the amount of the original tax credit earned for that taxable year.

Line 14 – Amount Previously Used or Expired

In columns (a) through (e), enter the amount of the tax credit for the taxable year that has been previously used or that has expired.

Line 15 – Tentative Carryover

In columns (a) through (e), subtract the amount on line 14 from the amount on line 13. Enter the difference in the applicable columns.

This is the tentative carryover.

Line 16 – Amount Transferred

In columns (a) through (e), enter the total amount of the tax credits that were transferred during the applicable taxable year to purchasers or transferees of the houses or dwelling units from Form(s) 319-2, column (e), line 11.

Line 17 – Available Carryover

In columns (a) through (e), subtract the amount on line 16 from the amount on line 15. Enter the difference in the applicable columns.

This is the carryover available from prior taxable years.

Line 18 – Total Available Carryover

Add the amounts in columns (a) through (e) of line 17. Enter the total in column (e).

This is the total available credit carryover for the current taxable year for the taxpayer that built the house or dwelling unit.

Part 5 - Available Credit Carryover for Taxpayer as Purchaser or Transferee of House or Dwelling Unit

Complete Part 5 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years.

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 5.

Calculate the total available credit carryover for the taxpayer as purchaser or transferee of the house or dwelling unit on page 2, Part 5, lines 19 through 23.

Lines 19 through 23 –

Complete lines 19 through 23 as follows:

- Enter the applicable tax years in column (a).
- Enter the amount of the credit originally computed for that taxable year in column (b).
- Enter the amount of the credit from that taxable year that has already been used in column (c).
- Subtract column (c) from column (b). Enter the difference.

Line 24 –

Add the amounts entered in column (d) of lines 19 through 23. Enter the total. This is the total credit carryover for the taxpayer as purchaser or transferee of the house or dwelling unit.

Part 6 - Total Available Credit

Line 25 -

Current taxable year’s credit FOR THE TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT:

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI: Enter the current taxable year’s credit from Part 1, line 6.

Partnerships: Enter zero, “0”.

S corporations that passed the current year’s credit for the taxpayer that built the house or dwelling unit through to its shareholders: Enter zero, “0”.

Line 26 -**Current taxable year's credit FOR THE TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT:**

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI, - enter the current taxable year's credit from Part 1, line 10.

Partnerships: Enter zero, "0".

S corporations that passed the credit for the taxpayer as purchaser or transferee of the house or dwelling unit through to its shareholders: Enter zero, "0".

Line 27 – Total Current Year's Credit

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI, - add lines 25 and 26. Enter the total.

Partnerships: Enter zero, "0".

S corporations that passed the credit(s) through to its shareholders: Enter zero, "0".

Individuals – Also enter this amount on Form 301, Part 1, line 10, column (a).

C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI: Also, enter the total on Form 300, Part 1, line 7, column (a).

Line 28 -**Available credit carryover FOR THE TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT:**

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI – Enter the total available credit carryover from Part 4, line 18, column (e).

Line 29 -**Available credit carryover FOR THE TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT:**

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI – Enter the total available credit carryover from Part 5, line 24, column (d).

Line 30 – Total Credit Carryover

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI – Add lines 28 and 29. Enter the total.

Individuals: Also, enter the total on Form 301, Part 1, line 10, column (a).

C corporations, S corporations that elected to claim this credit at the corporate level, and exempt organizations with UBTI: Also, enter the total on Form 300, Part 1, line 7, column (b).

Line 31 – Total Available Credit

Individuals, C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI – Add lines 27 and 30. Enter the total. This is the total available credit that may be applied to the current taxable year's tax liability.

Individuals: Also, enter the total on Form 301, Part 1, line 10, column (c).

C corporations, S corporations that elected to claim this credit at the corporate level, and exempt organizations with UBTI: Also, enter the total on Form 300, Part 1, line 7, column (c).

**Form 319-P,
Partner's Portion of the Credit**

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

Complete Form 319-P for each partner of the partnership, *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.

The partnership must furnish each partner with their completed copy of Form 319-P, including additional schedules as needed.

Part 1 – Partnership and Partner Information

Line 1

- a) Enter the partnership name.
- b) Enter the partnership's EIN.

Line 2

- a) Enter the partner's name.
- b) Enter the partner's TIN.
- c) Enter the partner's ownership percentage of the partnership

Part 2 - Distribution of the Credit

Line 3

Enter the partnership's total amount of the credit for the *TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT* from Form 319, Part 1, line 6.

Line 4

Multiply the amount on line 3 by the percentage on line 2(c). Enter the result. **This is the partner's share of the credit for the TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT.**

Line 5

Enter the partnership's total amount of the credit for the *TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT* from Form 319, Part 1, line 10.

Line 6

Multiply the amount on line 5 by the percentage on line 2(c). Enter the result. **This is the partner's share of the credit for the TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT.**

Partners: Use Form 319-P to complete your Form 319.

Form 319-S, S Corporation Shareholder's Portion of the Credit

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

Complete Form 319-S for each shareholder of the S corporation, *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. The grantor may claim his or her share of the credit.

The S corporation must furnish each shareholder with a completed copy of Form 319-S, including additional schedules as needed.

Part 1 – S Corporation and Shareholder Information

Line 1

- a) Enter the S corporation name.
- b) Enter the S corporation's EIN.

Line 2

- a) Enter the shareholder's name.
- b) Enter the shareholder's TIN.
- c) Enter the shareholder's ownership percentage of the S corporation.

NOTE to shareholders of an S Corporation: *This credit is in lieu of a deduction for the installation expenses for which the credit is claimed. If you are claiming this credit, you must include the expenses for installing the solar hot water plumbing stub outs or electric vehicle recharge outlets on your Arizona income tax return under "Other Additions."*

Part 2 - Distribution of the Credit

Line 3

Enter the S corporation's total amount of the current taxable year credit for the *TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT* from Form 319, Part 1, line 6.

Line 4

Multiply the amount on line 3 by the percentage on line 2(c). Enter the result. This is the shareholder's share of the credit for the **TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT**.

Line 5

Enter the S corporation's expenses for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets for the *TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT*.

Line 6

Multiply the amount on line 5 by the percentage on line 2(c). Enter the result. This is the shareholder's share of the expenses for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets for the **TAXPAYER THAT BUILT THE HOUSE OR DWELLING UNIT** that **must be added back** to the calculation of the shareholder's Arizona taxable income.

Line 7

Enter the S corporation's total amount of the credit for the *TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT*, from Form 319, Part 1, line 10.

Line 8

Multiply the amount on line 7 by the percentage on line 2(c). Enter the result. This is the shareholder's share of the current taxable year credit for the **TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT**.

Line 9

Enter the S corporation expenses for the installation of solar hot water heater plumbing stub outs or electric vehicle recharge outlets for the *TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT*.

Line 10

Multiply the amount on line 9 by the percentage on line 2(c). Enter the result. This is the shareholder's share of the expenses for the installation of solar hot water plumbing stub outs and electric vehicle recharge outlets for the **TAXPAYER AS PURCHASER OR TRANSFEREE OF THE HOUSE OR DWELLING UNIT** that **must be added back** to the calculation of the shareholder's Arizona taxable income.

Shareholders: Use Form 319-S to complete your Form 319.