

# Oil and Gas Production Tax Credits

Through the Florida Tax Credit (FTC) Scholarship Program ([Florida Statute 1002.395](#)), dollar-for-dollar tax credits are provided to companies that redirect their oil and gas production tax to Step Up For Students, a state-approved Scholarship Funding Organization (SFO). Up to 50 percent of a corporation's liability is eligible. The funds provide K-12 scholarships to disadvantaged children.

When companies invest in our program, they make a lasting impact on the lives of scholarship students and inspire a brighter future through personalized education. **Taximize** is the word we've coined to describe how a company can optimize its tax liability to invest in underprivileged students through dollar-for-dollar tax credits. **Will you taximize?**

## STEP 1: RESERVE

Enrolling online is easy - visit <https://taxapps.floridarevenue.com/sfo/AllocationApplication.aspx> and complete the Florida DOR's online application. You may apply once for the entire state fiscal year (July 1 – June 30) or as many times as you like during that year for a maximum of 50 percent of your projected annual (July - June) oil and gas production tax. It's important to remember that the approval process does not oblige you to remit the funds to the SFO – it is merely a way for the DOR to ensure that the annual maximum in tax credits is not oversubscribed.

## STEP 2: REMIT

Once you have received your approval letter from the DOR, you can remit the lesser of 1) the amount approved or 2) up to 50 percent of each month's tax directly to Step Up For Students. Payments can be made by check, wire or ACH. Upon receipt of payment, Step Up For Students will provide a Certificate of Contribution. Your final payment must be made no later than the last day of the state's fiscal year – June 30.

## STEP 3: REPORT

For Oil Production tax, SFO contributions should be reported on Line #28 (Credit for Contributions to Nonprofit Funding Organizations) of Form DR-145. For Gas and Sulfur Production tax, report contributions on Line 12a (Credit for Contributions to Nonprofit Scholarship Funding Organizations) of Form DR-144. *Please note that any state tax liability remaining after the credits are reserved should be paid as normal estimated tax payments to the Florida DOR.* A copy of the Certificate of Contribution should also be attached to the return when it is filed.

## ADDITIONAL INFORMATION

**Transferring Credits:** The tax credit can be transferred between members of an affiliated group of corporations, but not between tax types. Companies must notify the Florida DOR in writing of their intent to transfer credits. See Florida DOR [TIP 14ADM-03](#) for additional information. The Notice of Intent to Transfer Credits can be found on the Florida Department of Revenue website at [http://floridarevenue.com/Forms\\_library/current/dr116200.pdf](http://floridarevenue.com/Forms_library/current/dr116200.pdf).

**Credit Carry Forward:** If a company determines it has insufficient tax liability to take the full credit (amount remitted is greater than 100 percent of net tax liability), companies may carry forward the unused credit. For tax credits earned in a taxable year beginning on or after Jan. 1, 2018, the carry-forward period is 10 years for contributions made on or after Jan. 1, 2018. Contributions made in a taxable year prior to Jan. 1, 2018, fall under the previous limit of five years.

**Rescission:** Sometimes it is necessary for a corporation to rescind all or part of their pledge(s). By completing a rescindment application, your company is releasing your reserved tax credits back into the program cap, allowing other companies to step in and fulfill that amount. There is no penalty for rescinding a pledge. To complete the rescindment application on the FL DOR website, please go to: <https://taxapps.floridarevenue.com/sfo/RescindmentApplication.aspx>

Detailed instructions are available to guide you through enrollment, credit carry forward and/or rescindment. Please contact Tim Bodamer at [TBodamer@SUFS.org](mailto:TBodamer@SUFS.org) or (866) 344-9553 for more information.