TAXABLE YEAR

CALIFORNIA FORM

2023 Enhanced Oil Recovery Credit 3546

Attach to your California tax return.

Name(s) as shown on your California tax return

☐ SSN or ITIN ☐ CA Corporation no. ☐ FEIN

California Secretary of State file number

Available Credit

1	Qualified enhanced oil recovery costs. See instructions	1	00
2	Current year credit. Multiply line 1 by 5.00% (.0500)	2	00
3	Pass-through enhanced oil recovery credit from Schedule K-1 (100S, 541, 565, or 568). See instructions.	3	00
4	Total current year enhanced oil recovery credit. Add line 2 and line 3	4	00
5	Credit carryover from 2022. See instructions	5	00
6	Total available enhanced oil recovery credit. Add line 4 and line 5	6	00
7	a **Credit claimed**. Enter the amount of the credit claimed on the current year tax return. See instructions. (**Do not** include any assigned credit claimed on form FTB 3544, Part B.)	7a	00
	b Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter -0-. See instructions..	7b	00
8	Credit carryover available for future years. Add line 7a and line 7b, subtract the result from line 6	8	00

General Information

California allows an enhanced oil recovery credit similar to the federal enhanced oil recovery credit under Internal Revenue Code (IRC) Section 43, with exceptions. Unless specifically identified otherwise, references in these instructions are to the IRC as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

A Purpose

Use form FTB 3546, Enhanced Oil Recovery Credit, to figure the current year credit and any carryover credit for qualified enhanced oil recovery costs for qualified oil recovery projects located within California. Also, use this form to claim pass-through enhanced oil recovery credits you received from S corporations, estates, trusts, partnerships, or limited liability companies (LLCs) classified as partnerships.

S corporations, estates, trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3546 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

B Description

The California enhanced oil recovery credit is available for taxable years beginning on or after January 1, 1996. The tentative enhanced oil recovery credit is equal to 5.00% (representing 1/3 of the federal enhanced oil recovery credit) of the qualified enhanced oil recovery costs for qualified oil recovery projects located within California. See General Information F, Limitations, for limitations on the enhanced oil recovery credit.

C California and Federal Differences

The federal enhanced oil recovery credit under IRC Section 43 and the California enhanced oil recovery credit under R&TC Sections 17052.8 and 23604 are generally the same, except that:

1. The California credit is equal to **5.00%** of the qualified enhanced oil recovery costs for qualified oil recovery projects **located within California.** The federal credit is equal to 15.00% of the qualified enhanced oil recovery costs for qualified oil recovery projects located within the United States. It includes the seabed and subsoil adjacent to the territorial waters of the United States as defined under IRC Section 638(1).
2. California **does not allow** the enhanced oil recovery credit for the following taxpayers:
   - Taxpayers who are **retailers of oil or natural gas** (excluding bulk sales of aviation fuels) and sell directly or through a related person to the Department of Defense. See IRC Sections 613A(d)(2) and 613A(d)(3) for more information.
   - Taxpayers (or related persons) who are **refiners of crude oil** and, on any day during the taxable year, whose daily refinery output exceeded 50,000 barrels. See IRC Section 613A(d)(4) for more information.
3. Taxpayers may carry over the California credit for 15 years. The credit is subject to limitations described in General Information F, Limitations. The federal credit is part of the general business credit subject to the limitations imposed by IRC Section 38.

D Definitions

Qualified enhanced oil recovery costs –

1. Any amount the taxpayer pays or incurs during the taxable year for tangible property located within California:
   - That is an integral part of a qualified enhanced oil recovery project in California.
   - For which depreciation (or amortization) is allowable.
2. Any intangible drilling and development costs:
   - The taxpayer pays or incurs in connection with a qualified enhanced oil recovery project located within California.
   - For which the taxpayer elects to capitalize and amortize such costs under IRC Section 263(c) and R&TC Sections 17201 and 24423.