

IDAHO SMALL EMPLOYER REAL PROPERTY IMPROVEMENT TAX CREDIT

Name(s) as shown on return

Social Security Number or EIN

QUALIFYING FOR THE CREDIT

For tax years beginning in 2006, you may claim the Idaho small employer real property improvement tax credit if you have certified you will meet the following tax incentive criteria at the project site during the project period:

1. Capital investment in new plant and building facilities of at least \$500,000,
2. Increased employment by at least 10 new employees who each earn at least \$19.23 per hour and receive health benefits, and
3. For new employment increases above the 10 new employees, the average wages of the additional new employees is at least \$15.50 per hour worked. See instructions.

If you have not filed Form 89SE with the Tax Commission or have been notified that you do not qualify for the small employer incentives, you do not qualify for this credit.

CREDIT AVAILABLE SUBJECT TO LIMITATION

1. Amount of investments in new plant and building facilities acquired during the tax year. Do not include any qualified investments reported on Form 83. <i>Attach a complete list of the investments qualifying for this credit</i>	1	
2. Credit earned. Multiply line 1 by 2.5%	2	
3. Pass-through share of credit from a partnership, S corporation, estate or trust	3	
4. Credit received through unitary sharing. Attach a schedule	4	
5. Carryover of small employer real property improvement tax credit from prior years	5	
6. Credit recaptured in 2007. Enter the amount from Form 84R, line 13. Attach Form 84R	6	
7. Credit distributed to partners, shareholders or beneficiaries	7	
8. Credit shared with unitary affiliates	8	
9. Total credit available subject to limitations. Add lines 2 through 5 and subtract lines 6 through 8	9	

CREDIT LIMITATIONS

If you are claiming the credit for qualifying new employees, compute the limitation on Form 55, then complete lines 25 through 27 on this form.
If you are not claiming the credit for qualifying new employees, complete lines 10 through 27.

10. Enter the Idaho income tax from your tax return		10	
11. Credit for tax paid to other states	11		[Hatched Area]
12. Credit for contributions to Idaho educational entities	12		
13. Investment tax credit	13		
14. Credit for contributions to Idaho youth and rehabilitation facilities	14		
15. Credit for production equipment using postconsumer waste	15		
16. Promoter sponsored event credit	16		
17. Credit for Idaho research activities	17		
18. Broadband equipment investment credit	18		
19. Incentive investment tax credit	19		
20. Small employer investment tax credit	20		
21. Add lines 11 through 20		21	
22. Tax available after other credits. Subtract line 21 from line 10		22	
23. Credit allowable subject to limitation of tax. Enter the smaller of: a. the amount from line 9 or b. \$125,000		23	
24. Total credit allowed on current year tax return. Enter the smaller amount from lines 22 or 23 here and on Form 44, Part I, line 12		24	

CREDIT CARRYOVER

25. Total credit available subject to limitations. Enter the amount from line 9		25
26. Credit allowed. Enter the amount from line 24 or from Form 55, Part III, line 31		26
27. Credit carryover to future years. Subtract line 26 from line 25. Enter the amount here and on Form 44, Part I, line 12		27

Instructions for Idaho Form 84

GENERAL INSTRUCTIONS

Form 84 is used to calculate the Idaho small employer real property improvement tax credit (SE-RPITC) earned or allowed. Each member of a unitary group of corporations that earns or is allowed the credit must complete a separate Form 84.

The SE-RPITC is first available for property placed in service during tax years beginning on or after January 1, 2006. It is allowed on buildings and structural components that do not qualify for the investment tax credit.

If you apply for, receive, or are entitled to claim any of the corporate headquarters tax incentives, you may not claim the small employer tax incentives.

QUALIFYING TAXPAYERS

To qualify for the SE-RPITC, you must certify that you will meet the tax incentive criteria at the project site during the project period. If you have not filed Form 89SE with the Tax Commission, or you have been notified that you do not qualify for the small employer incentives, you may not claim this credit.

Tax Incentive Criteria

To meet the tax incentive criteria, your business must do the following at the project site, during the project period:

- Invest at least \$500,000 in new plant and building facilities,
- Increase employment at the project site by at least 10 new employees, who each earn at least \$19.23 per hour worked, and
- If your new employment increased by more than the 10 new employees, these additional new employees must on average earn at least \$15.50 per hour worked during your tax year. For this calculation:
 - The numerator is the total wages paid to these new employees. Do not include the wages of employees earning more than \$48.08 or less than \$12.00 per hour.
 - The denominator is the number of employees whose wages go into the numerator, but also includes the number of employees earning less than \$12.00 per hour, even though the wages are not included in the numerator.

Project Site

Project site is where new plant and building facilities owned or leased by the taxpayer are located. The project site can be one or more geographic areas in Idaho, but only if 80% or more of the investment required is located at one of the areas.

Project Period

Project period is the period of time that begins at the earlier of:

- A physical change to the project site, or
- The first employment of new employees in Idaho who are related to the activities at the project site.

The project period cannot begin before January 1, 2006.

The project period ends when the facilities constituting the project are placed in service, but no later than December 31, 2010.

New Plant and Building Facilities

New plant and building facilities include property that meets either the definition of qualified investment for purposes of the ITC, or is a building or a structural component of a building.

The property must be new property. Used property does not qualify. New property is property acquired or constructed by the taxpayer whose original use begins with the taxpayer after such acquisition or construction. Original use means the first use to which the property is put, whether or not that corresponds to the

use of the property by the taxpayer. Property used by the taxpayer prior to its acquisition does not qualify as new property.

New Employees

To qualify as a new employee for the tax incentive criteria, an employee must:

- Be employed primarily at the project site by the taxpayer,
- Have wages subject to Idaho income tax withholding,
- Be covered for Idaho unemployment insurance purposes,
- Be eligible to receive employer provided coverage under a health benefit plan,
- Be employed on a regular full-time basis, and
- Meet the applicable wage requirements.

For this purpose, earnings include income subject to Idaho income tax withholding, but do not include stock options or restricted stock grants.

An existing employee of the taxpayer or a related taxpayer who is transferred to a new position at the project site will not qualify as a new employee, unless the transfer results in a net new job in Idaho.

Once reached, the net increase in employment at the project site must be maintained for the rest of the project period.

QUALIFYING PROPERTY

If you are a qualifying taxpayer, the SE-RPITC is allowed on buildings and structural components of buildings. The buildings and structural components must be at the project site and placed in service during the project period.

The buildings and structural components must be new property. Used property does not qualify for this credit.

Buildings and structural components mean buildings and structural components of buildings as defined in Federal Treasury Regulation Section 1.48-1 for Internal Revenue Code Section 48 repealed by Public Law 101-508.

Building generally means any structure enclosing a space within its walls, and usually covered by a roof, the purpose of which is to provide shelter or housing, or to provide working, office, or parking space.

Structural components include such parts of a building as walls, partitions, floors, and ceilings and any permanent coverings to these items such as paneling or tiling; windows and doors; all components of a central air conditioning or heating system; plumbing and plumbing fixtures; electric wiring and lighting fixtures; chimneys; stairs, escalators, and elevators; sprinkler systems; fire escapes; and other components relating to the operation or maintenance of a building.

CARRYOVER PERIODS

Small employer RPITC that was earned but not used against tax may be carried forward for 14 tax years. For purposes of the carryover period, a short tax year counts as one tax year.

RECAPTURE

You must compute recapture if you sell or otherwise dispose of the property or it ceases to qualify for the SE-RPITC before it has been in service for five full years.

In addition, you must compute recapture if you claimed the SE-RPITC in an earlier year and fail to meet the tax incentive criteria that you certified to on Idaho Form 89SE.

If you claimed the SE-RPITC and recapture is now required, file Form 84R.

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

CREDIT AVAILABLE SUBJECT TO LIMITATION

Line 1. Attach a list of all property you acquired during the tax year that qualifies for the SE-RPITC. The list should identify what each item of property is, your basis in the item and the date placed in service. Do not include any property placed in service before the date the project period began.

Line 3. Enter the amount of the SE-RPITC that is being passed through by partnerships, S corporations, estates or trusts in which you have an interest. Attach a copy of the schedule provided to you.

Line 4. If you are a member of a unitary group, enter the amount of credit you received from another member of the unitary group.

Line 5. Enter the carryover computed on your 2006 Form 84, line 28.

Line 7. If you are a partnership, S corporation, trust or estate, enter the amount of credit that passed through to partners, shareholders, or beneficiaries.

Line 8. If you are a member of a unitary group, enter the amount of credit you earned that you elect to share with other members of your unitary group. Before you can share your credit, you must use the credit up to the allowable limitation of your tax liability.

Corporations claiming the SE-RPITC must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify shared credit and the computation of any credit carryovers.

CREDIT LIMITATIONS

The SE-RPITC is limited to the smaller of \$125,000 or the Idaho income tax after allowing all other tax credits that may be claimed before the SE-RPITC.

The following credits must be applied to the tax before the SE-RPITC:

1. Credit for tax paid to other states
2. Credit for contributions to Idaho educational entities
3. Investment tax credit
4. Credit for contributions to Idaho youth and rehabilitation facilities
5. Credit for production equipment using postconsumer waste

6. Promoter sponsored event credit
7. Credit for qualifying new employees
8. Credit for Idaho research activities
9. Broadband equipment investment credit
10. Incentive investment tax credit
11. Small employer investment tax credit

Line 10. Enter the amount of your Idaho income tax. This is the computed tax before adding the permanent building fund tax or any other taxes, or subtracting any credits.

Line 11. Enter the credit for tax paid to other states as computed on Form 39R or Form 39NR. This credit is available only to individuals, estates, and trusts.

Line 12. Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return.

Line 13. Enter the investment tax credit allowed as computed on Form 49, Part II, line 8.

Line 14. Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 15. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

Line 16. Enter the promoter sponsored event credit from the appropriate Idaho income tax return.

Line 17. Enter the credit allowed for Idaho research activities as computed on Form 67, line 29.

Line 18. Enter the amount allowed for the broadband equipment investment tax credit as computed on Form 68, line 18.

Line 19. Enter the credit allowed for the incentive investment tax credit as computed on Form 69, line 16.

Line 20. Enter the small employer investment tax credit allowed as computed on Form 83, line 26.

Line 24. Enter the smaller amount from lines 22 or 23 on line 24. Enter this amount on Form 44, Part I, line 12 in the Credit Allowed column.

CREDIT CARRYOVER

Line 27. The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 14 tax years. Enter this amount on Form 44, Part I, line 12 in the Carryover column.