

# RECAPTURE OF IDAHO SMALL EMPLOYER NEW JOBS TAX CREDIT

|                            |                               |
|----------------------------|-------------------------------|
| Name(s) as shown on return | Social Security Number or EIN |
|----------------------------|-------------------------------|

You must report recapture if one or both of the following occurred:

1. You did not meet the following tax incentive criteria:
  - Capital investment in new plant and building facilities of at least \$500,000,
  - Increased employment by at least 10 new employees who each earn at least \$19.23 per hour and receive health benefits, and
  - 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 the instructions for who is included in this calculation.
2. You did not maintain the level of qualifying employees for which you earned the credit for five full years after the end of the project period.

**COMPUTATION OF RECAPTURED CREDIT**

|   | A | B | C | D | E |
|---|---|---|---|---|---|
| 1. Year in which small employer new jobs tax credit was earned.....   |   |   |   |   |   |
| 2. Average number of qualifying employees for the year the credit was earned.....   |   |   |   |   |   |
| 3. Idaho small employer new jobs tax credit earned.....   |   |   |   |   |   |
| 4. If you failed to meet the tax incentive criteria, enter 100% and go to line 6 .....  |   |   |   |   |   |
| 5. From the Recapture Worksheet below, enter the recapture percentage for the earliest year during the recapture period that the average number of qualifying employees fell below the average number of employees listed on line 2 .....   |   |   |   |   |   |
| 6. Tentative recaptured credit. Multiply line 3 by line 4 or 5.....   |   |   |   |   |   |
| 7. Add line 6, columns A through E .....  |   |   |   |   |   |
| 8. Pass-through share of credit recapture from S corporations, partnerships, estates, or trusts .....   |   |   |   |   |   |
| 9. Add lines 7 and 8 .....  |   |   |   |   |   |
| 10. Credit recapture distributed to shareholders, partners, or beneficiaries .....  |   |   |   |   |   |
| 11. Enter the portion of original credit not used to offset any tax. Do not enter more than line 9. The amount on this line reduces the carryover available to the current year .....   |   |   |   |   |   |
| 12. Add lines 10 and 11.....  |   |   |   |   |   |
| 13. Recapture of small employer new jobs tax credit. Subtract line 12 from line 9. Enter here and on Form 44, Part II, line 5. Do not use this amount to reduce current year's small employer new jobs tax credit computed on Form 85 ..... |   |   |   |   |   |

**RECAPTURE WORKSHEET - If you did not meet the tax incentive criteria, do not use this section.**

Date project period ended \_\_\_\_\_

| Recapture Period - Five years after the end of the project period | Tax Year | Average number of qualifying employees working primarily within the project site during the year | Recapture percentage |
|---|----------|--|----------------------|
| First year after the end of the project period                    |          |  | 100%                 |
| Second year after the end of the project period                   |          |  | 80%                  |
| Third year after the end of the project period                    |          |  | 60%                  |
| Fourth year after the end of the project period                   |          |  | 40%                  |
| Fifth year after the end of the project period                    |          |  | 20%                  |

# Instructions for Idaho Form 85R

## GENERAL INSTRUCTIONS

Use Form 85R to compute the increase in tax and reduction to credit carryover for the recapture of the small employer new jobs tax credit (SE-NJTC).

If you claimed the SE-NJTC in an earlier year and fail to meet the tax incentive criteria, you must recapture all the SE-NJTC claimed in the earlier years.

Also, you must compute recapture if you do not maintain the level of qualifying employees for which you earned the credit for five full years from the date the project period ends.

S corporations, partnerships, estates and trusts that pass through SE-NJTC to shareholders, partners or beneficiaries must provide Form ID K-1 reporting the recapture amount and including in Part E, Supplemental Information, details on the year(s) the credit being recaptured was originally earned.

Any resulting tax from recapture of credits claimed in prior years must be added to the tax otherwise determined in the year of recapture. Recapture of credits not claimed in prior years reduces the amount of credit carryover available to the current year.

## SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

### IDAHO SMALL EMPLOYER NEW JOBS TAX CREDIT EARNED IN PRIOR YEARS

S corporations, partnerships, estates and trusts that have SE-NJTC subject to recapture must complete lines 1 through 7 to determine the amount of credit recapture.

Partners, shareholders and beneficiaries will use the information provided by the partnership, S corporation, trust or estate to report their pass-through share of the credit to be recaptured on line 8. If the only recapture you are reporting is from a pass-through entity, skip lines 1 through 7 and begin on line 8.

### COMPUTATION OF RECAPTURED CREDIT

**Line 1.** Starting with the earliest tax year in Column A, enter each tax year that the SE-NJTC was earned.

**Line 2.** Enter the average number of qualifying employees for the year listed on line 1. This amount can be found on Form 85, line 1 for the applicable year.

**Line 3.** Enter the amount of the SE-NJTC credit earned for the year listed on line 1. This amount can be found on Form 85, line 10 for the applicable year.

**Line 4.** If recapture is required because you did not meet the tax incentive criteria, enter 100% on line 4. Leave line 5 blank and continue with line 6.

**Line 5.** If recapture is required because you did not maintain the required number of qualifying employees for five full years

from the date the project period ended, you will need to complete the Recapture Worksheet at the bottom of the form. Enter on line 5 the recapture percentage for the earliest tax year from the Recapture Worksheet that the average number of qualified employees working primarily in the project site fell below the average number of qualifying employees listed on line 2.

**Line 6.** Multiply line 3 by the larger of the percents listed on line 4 or 5. If there is no percent listed on line 5, multiply line 3 by the percent on line 4.

**Line 8.** Enter the amount of recapture of SE-NJTC that is being passed to you from S corporations, partnerships, estates and trusts. This amount is reported on Form ID K-1, Part D, line 17.

**Line 9.** Add lines 7 and 8 to determine the amount of credit subject to recapture.

**Line 10.** If you are a partnership, S corporation, trust or estate, enter the amount of credit recapture that passed through to partners, shareholders, or beneficiaries. Do not include any recapture on this line for partners, shareholders, or beneficiaries for whom you are paying the tax.

**Line 11.** If you did not use all the credit you originally computed either in the year earned or in a carryover year, you will not have to pay tax from recapture of the amount of the credit you did not use.

Compute the unused portion of the original credit from Form 85R, line 3, or that was passed through to you from a partnership, S corporation, trust or estate on a separate sheet and enter the amount on this line. Do not enter more than the tax from recapture on line 9.

**Line 13.** This is the total increase in tax. Enter it on this line and on Form 44, Part II, line 5. DO NOT use this amount to reduce your current year's SE-NJTC from Form 85.

### RECAPTURE WORKSHEET

Complete the recapture worksheet only if you are reporting recapture because you did not maintain the level of qualifying employees on which you earned the credit for five full years after the end of the project period. If you must report recapture because you did not meet the tax incentive criteria, do not complete the worksheet, but instead enter 100% on line 4 of the form.

**Project period end date.** The project period ends when the new plant and building facilities for the project are placed in service, but no later than December 31, 2020. Enter the earlier of the two dates.

**Recapture period.** For each year of the recapture period, enter the tax year in the first column, and the average number of employees who worked primarily at the project site in the second column. This should be listed for each year until the average number of employees reported for a year falls below the qualifying level of employment reported on line 2. The first year in the recapture period that the average number of qualifying employees falls below the average number of qualifying employees listed on line 2 is the year in which recapture is required and determines the recapture percentage.