

# IDAHO CREDIT FOR QUALIFYING NEW EMPLOYEES

Name(s) as shown on return

Social Security Number or EIN

## PART I. QUALIFYING FOR THE CREDIT

1. A \$500 credit per new employee is allowed if you meet the definition of a revenue-producing enterprise.
2. A \$1,000 credit per new employee is allowed if your new employee:
  - a. Received an annual average hourly wage of at least \$15.50 and
  - b. Was eligible to receive employer provided coverage under an accident or health plan.

## PART II. CREDIT AVAILABLE SUBJECT TO LIMITATION

1. Average number of qualifying employees during the tax year .....	1	
2. Average number of qualifying employees during the three preceding tax years ..	2	
3. Average number of qualifying employees during the preceding tax year .....	3	
4. Subtract the greater of lines 2 or 3 from line 1 and enter the difference. This is the number of qualifying new employees. The amount must equal or exceed one .....	4	
<b>\$500 Credit</b>		
5. Number of qualifying new employees listed on line 4 who meet the criteria for the \$500 credit. Enter 0 if you do not qualify as a revenue-producing enterprise .....	5	
6. Multiply the number on line 5 by \$500 .....	6	
<b>\$1,000 Credit</b>		
7. Number of qualifying new employees listed on line 4 who meet the criteria for the \$1,000 credit. Enter 0 if the employees listed on line 4 do not meet the criteria discussed in Part I, line 2 .....	7	
8. Multiply the number on line 7 by \$1,000 .....	8	
9. Add line 6 and line 8 .....	9	
10. Enter the net income of the trade or business .....	10	
11. Multiply the number on line 10 by .0325 .....	11	
12. Credit earned. Enter the smaller of lines 9 or 11 .....	12	
13. Pass-through share of credit from a partnership, S corporation, estate or trust .....	13	
14. Carryover of credit for qualifying new employees from prior years .....	14	
15. Credit distributed to partners, shareholders or beneficiaries .....	15	
16. Total credit available subject to limitation. Add lines 12 through 14 and subtract line 15. Carry to Part III, line 14a .....	16	

## PART III. CREDIT LIMITATIONS

1. Idaho income tax from the appropriate tax return .....	1	
2. Credit for tax paid to other states .....	2	
3. Subtract line 2 from line 1 .....	3	
a. Multiply line 3 by 50% .....	3a	

4. Qualifying contributions to Idaho educational entities .....	4		
a. Enter 50% of the qualifying contributions on line 4 .....	4a		
b. Corporations: Enter the smaller of \$1,000 or 10% of the tax on line 1. Taxpayers other than corporations: Enter the smaller of \$100 (\$200 if filing a joint return) or 20% of the tax on line 1 .....	4b		
<b>5. Credit for contributions to Idaho educational entities.</b> Enter the smallest amount from lines 3a, 4a, or 4b .....			5
6. a. Investment tax credit available from Form 49, Part I, line 8 .....	6a		
b. Subtract line 5 from line 3 .....	6b		
c. Subtract line 5 from line 3a .....	6c		
<b>7. Investment tax credit allowed.</b> Enter the smallest amount from lines 6a, 6b, or 6c .....			7
8. Qualifying contributions to Idaho youth and rehabilitation facilities .....	8		
a. Enter 50% of the qualifying contributions on line 8 .....	8a		
b. Corporations: Enter the smaller of \$500 or 10% of the tax on line 1. Taxpayers other than corporations: Enter the smaller of \$100 (\$200 if filing a joint return) or 20% of the tax on line 1 .....	8b		
c. Subtract line 7 from line 6b .....	8c		
d. Subtract line 7 from line 6c .....	8d		
<b>9. Credit for contributions to Idaho youth and rehabilitation facilities allowed.</b> Enter the smallest amount from lines 8a, 8b, 8c, or 8d .....			9
10. Qualifying cost of equipment manufacturing a product from postconsumer or postindustrial waste .....	10		
a. Enter 20% of line 10 .....	10a		
b. Subtract line 9 from line 8c .....	10b		
c. Subtract line 9 from line 8d .....	10c		
<b>11. Credit for production equipment using postconsumer waste allowed.</b> Enter the smallest amount from lines 10a, 10b, 10c, or \$30,000 .....			11
12. a. Promoter sponsored event credit - \$1 for each temporary permit issued on behalf of the Tax Commission .....	12a		
b. Subtract line 11 from line 10b .....	12b		
<b>13. Promoter sponsored event credit allowed.</b> Enter the smaller amount from lines 12a or 12b .....			13
14. a. Idaho credit for qualifying new employees available from Form 55, Part II, line 16 .....	14a		
b. Subtract line 13 from line 12b .....	14b		
c. Subtract line 11 from line 10c .....	14c		
<b>15. Credit for qualifying new employees allowed.</b> Enter the smallest amount from lines 14a, 14b or 14c ....			15
16. a. Credit for Idaho research activities available from Form 67, line 22 .....	16a		
b. Subtract line 15 from line 14b .....	16b		
c. Subtract line 15 from line 14c .....	16c		
<b>17. Credit for Idaho research activities allowed.</b> Enter the smallest amount from lines 16a, 16b, or 16c .....			17
18. a. Idaho broadband equipment investment tax credit available from Form 68, line 11 .....	18a		
b. Subtract line 17 from line 16b .....	18b		
c. Subtract line 17 from line 16c .....	18c		
<b>19. Broadband equipment investment tax credit allowed.</b> Enter the smallest amount from lines 18a, 18b, 18c, or \$750,000 .....			19

20. a.	Idaho incentive investment tax credit available from Form 69, line 9 .....	20a		
b.	Subtract line 19 from line 18b .....	20b		
c.	Subtract line 19 from line 18c .....	20c		
<b>21.</b>	<b>Incentive investment tax credit allowed.</b>			
	Enter the smallest amount from lines 20a, 20b, 20c, or \$500,000 .....			21
22. a.	Idaho corporate headquarters investment tax credit available from Form 80, line 11 .....	22a		
b.	Subtract line 21 from line 20b .....	22b		
<b>23.</b>	<b>Idaho corporate headquarters investment tax credit allowed.</b>			
	Enter the smallest amount from lines 22a, 22b, or \$5,000,000 .....			23
24. a.	Idaho corporate headquarters real property improvement tax credit available from Form 81, line 9 .....	24a		
b.	Subtract line 23 from line 22b .....	24b		
<b>25.</b>	<b>Idaho corporate headquarters real property improvement tax credit allowed.</b>			
	Enter the smallest amount from lines 24a, 24b, or \$500,000 .....			25
26. a.	Idaho corporate headquarters new jobs tax credit available from Form 82, line 17 .....	26a		
b.	Subtract line 25 from line 24b .....	26b		
<b>27.</b>	<b>Idaho corporate headquarters new jobs tax credit allowed.</b>			
	Enter the smaller amount from lines 26a or 26b .....			27
28. a.	Idaho small employer investment tax credit available from Form 83, line 11 .....	28a		
b.	Subtract line 27 from line 26b .....	28b		
c.	Multiply line 1 by 62.5% .....	28c		
<b>29.</b>	<b>Idaho small employer investment tax credit allowed.</b>			
	Enter the smallest amount from lines 28a, 28b, 28c, or \$750,000 .....			29
30. a.	Idaho small employer real property improvement tax credit available from Form 84, line 9 .....	30a		
b.	Subtract line 29 from line 28b .....	30b		
<b>31.</b>	<b>Idaho small employer real property improvement tax credit allowed.</b>			
	Enter the smallest amount from lines 30a, 30b, or \$125,000 .....			31
32. a.	Idaho small employer new jobs tax credit available from Form 85, line 17 ..	32a		
b.	Subtract line 31 from line 30b .....	32b		
c.	Multiply line 1 by 62.5% .....	32c		
<b>33.</b>	<b>Idaho small employer new jobs tax credit allowed.</b>			
	Enter the smallest amount from lines 32a, 32b, or 32c .....			33
34. a.	Live organ donation expenses .....	34a		
b.	Subtract line 33 from line 32b .....	34b		
c.	Subtract line 21 from line 20c .....	34c		
<b>35.</b>	<b>Credit for live organ donation expenses allowed.</b>			
	Enter the smallest amount from lines 34a, 34b, 34c, or \$5,000 .....			35
36. a.	Biofuel infrastructure investment tax credit available from Form 71, line 9 ...	36a		
b.	Subtract line 35 from line 34b .....	36b		
c.	Subtract line 35 from line 34c .....	36c		
<b>37.</b>	<b>Biofuel infrastructure investment tax credit allowed.</b>			
	Enter the smallest amount from lines 36a, 36b, or 36c .....			37
38.	Credit carryover to future years. Subtract line 15 from line 14a.			
	Enter the amount here and on Form 44, Part I, line 4 .....			38

# Instructions for Idaho Form 55

## GENERAL INSTRUCTIONS

Form 55 is used to calculate the Idaho credit for qualifying new employees earned or allowed. Each member of a unitary group that earns or is allowed the credit must complete a separate Form 55.

You may be able to earn either a \$1,000 credit or a \$500 credit for a qualifying new employee. You can't earn both credits for the same employee. The applicable credit rate depends on whether the new employee meets certain wage and benefit criteria. If the new employee doesn't meet the criteria for either credit rate, you won't be able to claim the credit for that new employee.

If you are eligible for the Idaho corporate headquarters or small employer new jobs tax credits calculated on Forms 82 and 85, you can't claim a credit on this form for the same employees.

### Qualifying New Employee

"New employee" means a person who is subject to Idaho income tax withholding and covered for unemployment purposes under Idaho Code. The employee must work in your trade or business at least 20 hours per week and a minimum of nine months during the tax year for which you are claiming the credit to qualify.

### \$1,000 Credit

To qualify for the \$1,000 credit, the new employee must meet both of the following criteria:

- He must have received annual earnings at an average rate of \$15.50 or more per hour worked; and
- He must have been eligible to receive employer provided coverage under an accident or health plan described in Section 105, Internal Revenue Code (IRC).

To earn the \$1,000 credit your business doesn't have to be a revenue-producing enterprise.

### \$500 Credit

If the new employee doesn't qualify for the \$1,000 credit, you may be able to claim the \$500 credit. To qualify for the \$500 credit, the employee must have worked for you in a "revenue-producing enterprise." A "revenue-producing enterprise" means an Idaho business that begins with a natural resource and produces, assembles, fabricates, manufactures, or processes a value-added product. Businesses involving wholesale or retail sales, professional, managerial, repairs or services generally don't qualify. Idaho businesses that consume a natural resource in a process, but don't add value to the natural resource, don't qualify.

### Calculating the Credit

The Employer Quarterly Unemployment Insurance Tax Reports and the Unemployment Insurance Wage Reports filed with the Idaho Department of Commerce and Labor are the basis for computing the number of employees. However, only those employees who meet the definition of "new employee" can be included when computing the credit for qualifying new employees. You must keep records to support the computation.

The number of qualifying new employees is the excess of the average number of qualifying employees during the tax year over the greater of the average number of qualifying employees during the three preceding tax years or the average number of qualifying employees during the preceding tax year. The number of qualifying new employees must be rounded to the nearest whole number.

### Credit Limitations

The total credit allowed can't exceed 3.25% of the net income of

your trade or business in Idaho. If you earn or claim the credit for qualifying new employees, this credit and most other income tax credits are limited to 50% of the tax after deducting the credit for tax paid to other states.

### Carryover Periods

The credit carryover is limited to three tax years. If the number of qualifying employees decreases during the carryover period, you must recompute the credit based on the reduced number of qualifying employees to determine the correct amount of carryover.

## SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

### PART II. CREDIT AVAILABLE SUBJECT TO LIMITATION

**Line 1.** Determine the average number of qualifying employees during the tax year by adding the number of qualifying employees reported for each month on your Idaho Employer Quarterly Unemployment Reports and dividing that sum by the number of months of operation during the tax year.

**Line 2.** Determine the average number of qualifying employees during the three preceding tax years by dividing the total of the average number of qualifying employees reported on your Idaho Employer Quarterly Unemployment Reports for each preceding year by 3. If the business was in operation for less than three tax years, use the number of tax years in operation.

**Line 3.** Determine the average number of qualifying employees during the preceding tax year by adding the number of qualifying employees reported for each month on your Idaho Employer Quarterly Unemployment Reports and dividing that sum by the number of months of operation during the preceding tax year.

**Line 4.** No credit is allowed unless the number on this line equals or exceeds one. If it is more than one, round the number down to the nearest whole number.

**Line 5.** If your trade or business in which the new employees work doesn't qualify as a revenue-producing enterprise, you can't claim the \$500 on any new employees. Enter zero on line 5.

If your trade or business qualifies as a revenue-producing enterprise, determine the number of new employees listed on line 4 who don't qualify for the \$1,000 credit and enter that number on line 5.

**Line 7.** Determine the number of new employees listed on line 4 who meet the qualifications for the \$1,000 credit. The employee must have an annual average hourly wage rate of at least \$15.50 and have been eligible to receive employer provided coverage under an accident or health plan. Enter the result on line 7.

**Line 10.** The credit is limited to 3.25% of the net income of your trade or business in which the new employment occurred. Enter on line 10 the amount of net income from the proprietorship, farm, partnership, fiduciary or corporation income tax return that is from Idaho activities.

**Line 13.** Enter the amount of credit for qualifying new employees 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 14.** Enter the carryover computed on your 2006 Form 55, Part III, line 27.

**Line 15.** If you are a partnership, S corporation, trust, or estate, enter the credit that passed through to the partners, shareholders, or beneficiaries.

### PART III. CREDIT LIMITATIONS

If you earned or are claiming against tax the Idaho credit for qualifying new employees, complete Part III to determine the limitation on the credit for qualifying new employees and all other nonrefundable credits.

The following credits must be applied to the tax before the credit for qualifying new employees:

1. Credit for tax paid to other states;
2. Credit for contributions to Idaho educational institutions;
3. Investment tax credit;
4. Credit for contributions to Idaho youth facilities, rehabilitation facilities, and nonprofit substance abuse centers;
5. Credit for equipment using postconsumer waste or postindustrial waste;
6. Promoter sponsored event credit.

**Line 1.** 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 2.** 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, or trusts.

**Line 4.** Enter the amount of qualifying contributions to Idaho educational entities. This credit is limited as indicated on lines 4a and 4b. Qualifying entities are listed in the instruction booklets in the CREDITS section of the specific instructions.

**Line 5.** Enter the smallest amount from lines 3a, 4a, or 4b. This is the amount of credit for contributions to Idaho educational entities you may claim. Enter this amount on the appropriate line of your Idaho income tax return.

**Line 6a.** Enter the amount of your investment tax credit available from Form 49, Part I, line 8.

**Line 7.** Enter the smallest amount from lines 6a, 6b, or 6c. This is the amount of investment tax credit you may claim. Enter this amount on Form 44, Part I, line 1, in the Credit Allowed column.

**Line 8.** Enter the amount of qualifying contributions to Idaho youth and rehabilitation facilities and nonprofit substance abuse centers. This credit is limited as indicated on lines 8a and 8b. Qualifying entities are listed in the instruction booklets in the CREDITS section of the specific instructions.

**Line 9.** Enter the smallest amount from lines 8a, 8b, 8c, or 8d. This is the amount of credit for contributions to Idaho youth and rehabilitation facilities and nonprofit substance abuse centers you may claim. Enter this amount on the appropriate line of your Idaho income tax return.

**Line 10.** Enter the amount of your qualifying cost of equipment used to manufacture a product from postconsumer or postindustrial waste.

**Line 11.** Enter the smallest amount from lines 10a, 10b, or 10c, but not more than \$30,000. This is the amount of credit for production equipment using postconsumer or postindustrial waste you may claim. Enter this amount on Form 44, Part I, line 2, in the Credit Allowed column.

**Line 12a.** Enter the amount of your promoter sponsored event credit. This credit is \$1 for each temporary permit issued

during the tax year to participants of a promoter sponsored event on behalf of the Tax Commission. You must have filed Form ST-124 with the Tax Commission to qualify for the credit.

**Line 13.** Enter the smaller amount from lines 12a or 12b. This is the amount of promoter sponsored event credit you may claim. Enter this amount on Form 44, Part I, line 3, in the Credit Allowed column.

**Line 14a.** Enter the amount of your credit for qualifying new employees available from Form 55, Part II, line 16.

**Line 15.** Enter the smallest amount from lines 14a, 14b, or 14c. This is the amount of credit for qualifying new employees you may claim. Enter this amount on Form 44, Part I, line 4, in the Credit Allowed column.

**Line 16a.** Enter the amount of your credit for Idaho research activities available from Form 67, line 22.

**Line 17.** Enter the smallest amount from lines 16a, 16b or 16c. This is the amount of credit for Idaho research activities you may claim. Enter this amount on Form 44, Part I, line 5, in the Credit Allowed column.

**Line 18a.** Enter the amount of your Idaho broadband equipment investment credit available from Form 68, line 11.

**Line 19.** Enter the smallest amount from lines 18a, 18b or 18c, but not more than \$750,000. This is the amount of broadband equipment investment tax credit you may claim. Enter this amount on Form 44, Part I, line 6, in the Credit Allowed column.

**Line 20a.** Enter the amount of your Idaho incentive investment tax credit available from Form 69, line 9.

**Line 21.** Enter the smallest amount from lines 20a, 20b or 20c, but not more than \$500,000. This is the amount of incentive investment tax credit you may claim. Enter this amount on Form 44, Part I, line 7, in the Credit Allowed column.

**Line 22a.** Enter the amount of your Idaho corporate headquarters investment tax credit available from Form 80, line 11.

**Line 23.** Enter the smaller amount from lines 22a or 22b, but not more than \$5,000,000. This is the amount of Idaho corporate headquarters investment tax credit you may claim. Enter this amount on Form 44, Part I, line 8, in the Credit Allowed column.

**Line 24a.** Enter the amount of your Idaho corporate headquarters real property improvement tax credit available from Form 81, line 9.

**Line 25.** Enter the smaller amount from lines 24a or 24b, but not more than \$500,000. This is the amount of Idaho corporate headquarters real property improvement tax credit you may claim. Enter this amount on Form 44, Part I, line 9, in the Credit Allowed column.

**Line 26a.** Enter the amount of your Idaho corporate headquarters new jobs tax credit available from Form 82, line 17.

**Line 27.** Enter the smaller amount from lines 26a or 26b. This is the amount of Idaho corporate headquarters new jobs tax credit you may claim. Enter this amount on Form 44, Part I, line 10, in the Credit Allowed column.

**Line 28a.** Enter the amount of your Idaho small employer investment tax credit available from Form 83, line 11.

**Line 29.** Enter the smallest amount from lines 28a, 28b, or 28c, but not more than \$750,000. This is the amount of Idaho

small employer investment tax credit you may claim. Enter this amount on Form 44, Part I, line 11, in the Credit Allowed column.

**Line 30a.** Enter the amount of your Idaho small employer real property improvement tax credit available from Form 84, line 9.

**Line 31.** Enter the smaller amount from lines 30a or 30b, but not more than \$125,000. This is the amount of Idaho small employer real property improvement tax credit you may claim. Enter this amount on Form 44, Part I, line 12, in the Credit Allowed column.

**Line 32a.** Enter the amount of your Idaho small employer new jobs tax credit available from Form 85, line 17.

**Line 33.** Enter the smallest amount from lines 32a, 32b, or 32c. This is the amount of Idaho small employer new jobs tax credit you may claim. Enter this amount on Form 44, Part I, line 13, in the Credit Allowed column.

**Line 34a.** Enter the amount of qualified expenses incurred in donating an organ for transplanting in another individual. See

the Form 40 instructions for more information.

**Line 35.** Enter the smallest amount from lines 34a, 34b, or 34c, but not more than \$5,000. This is the amount of credit for live organ donations expenses you may claim. Enter this amount on the appropriate line of your Idaho individual income tax return.

**Line 36a.** Enter the amount of your biofuel infrastructure investment tax credit available from Form 71, line 9.

**Line 37.** Enter the smallest amount from lines 36a, 36b, or 36c. This is the amount of biofuel infrastructure investment tax credit you may claim. Enter this amount on Form 44, Part I, line 14, in the Credit Allowed column.

**Credit Carryover**

**Line 38.** The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to three years as long as the employment level doesn't decrease. Enter this amount on Form 44, Part I, line 4, in the Carryover column.