FORM **72** EFO00242 10-10-13

IDAHO HIRE ONE ACT CREDIT

2013

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

PART I. QUALIFYING FOR THE CREDIT

You may be entitled to claim the Hire One Act credit in tax year 2013 for an employee, if:

1. The employee:
   a. Was a regular full-time employee or a part-time employee who customarily performed duties at least 20 hours per week,
   b. Was subject to Idaho income tax withholding, whether any amounts were required to be withheld,
   c. Was employed in an Idaho trade or business,
   d. Was covered for Idaho unemployment insurance purposes, and
   e. Performed duties for the employer for a minimum of nine consecutive months with at least part of that time occurring during the tax year for which the credit is claimed.
2. The employee wasn't employed as a result of the employer acquiring another taxpayer's trade or business, except where the prior taxpayer would have qualified for the credit.
3. The employee wasn't employed as a result of the employer operating a place of business in the same or substantially identical trade or business as operated by another taxpayer within the prior 12 months, except where the prior taxpayer would have qualified for the credit.
4. The employee didn't transfer to the employer from a related taxpayer.
5. The employee:
   a. Was hired on or after April 15, 2011,
   b. Received employer-provided health care benefits, and
   c. Was hired at an average hourly rate of:
      i. At least $12 per hour in a county with a 10% or greater unemployment rate, or
      II. At least $15 per hour in a county with an unemployment rate of less than 10%.

PART II. INCREASE IN NUMBER OF EMPLOYEES

Include on lines 1 through 3 only those employees in your Idaho Quarterly Unemployment Insurance Tax Reports who met the criteria in Part I, lines 1 through 4. See instructions.

1. Average number of employees during the tax year	1	
2. Average number of employees during the three preceding tax years	2	
3. Average number of employees during the preceding tax year	3	
4. Subtract the greater of lines 2 or 3 from line 1 and enter the difference. If the amount doesn't equal or exceed one, **stop** — you don't qualify for the credit; otherwise, continue to Part III	4	

PART III. QUALIFYING WAGES

Although you may show an increase in employees in Part II, only the wages of new employees who met all of the criteria in Part I, lines 1 through 5, may be eligible for the credit. See instructions for identifying the employee and the employee's wages to be entered on lines 1a and 1b.

1. Wages of employees included on Part II, line 4 with average annual earnings of:				
a. At least $12 per hour in a county with an unemployment rate equal to or greater than 10%	1a			
b. At least $15 per hour in a county with an unemployment rate of less than 10%	1b			
2. Add lines 1a and 1b. Include Form 72-S			2	

PART IV. CREDIT ALLOWED

1. Credit percentage	1	%
If your tax rate in Box 4 on your Idaho Department of Labor Notice of Taxable Wage Rate for calendar year 2013 is: • Less than 2.752%, enter 6 percent on line 1, • Equal to 2.752%, enter 4 percent on line 1, or • Greater than 2.752%, enter 2 percent on line 1.		
2. Credit allowed. Multiply line 1 by Part III, line 2. Enter amount here and on your Idaho return: Form 40, line 48; Form 41, line 55; Form 41S, line 61; Form 43, line 67; Form 65, line 57; or Form 66, line 26	2	

Instructions for Idaho Form 72

GENERAL INSTRUCTIONS

Form 72 is used to calculate the Idaho Hire One Act credit. This credit is a refundable credit allowed to an employer on a sliding scale based on the employer's unemployment insurance tax rating. The credit is computed on the gross wages of qualifying new employees. An employer can claim the credit on a qualifying new employee only if the employee:

- Received qualifying employer-provided health care benefits;
- Received an average wage rate of at least:
  - $12 per hour if employed in an Idaho county with an unemployment rate of 10% or more;
  - $15 per hour if employed in an Idaho county with an unemployment rate of less than10%;
- Was hired on or after April 15, 2011.

You can't claim the credit for an employee if you have claimed a credit for that same employee on Form 85, Idaho Small Employer New Jobs Tax Credit.

Average Annual Earnings

- For an hourly employee, qualifying gross wages paid by the employer is divided by the number of hours worked for the taxable year.
- For a salaried employee, qualifying gross wages paid by the employer is divided by 2,080 hours if the employee was employed on a full time basis for the entire taxable year. If a salaried employee was regularly scheduled to work more or less than 40 hours per week, the computation must be adjusted accordingly to determine the hourly rate. For example, if an employee was regularly assigned to work a 32 hour week and worked for the employer the entire taxable year, the gross wages actually paid must be divided by 1,664. The total hours must not be reduced for days taken off, such as vacation, sick leave, or personal days, if such days off were paid. If the employee's annual salary was adjusted for days taken off that are not paid, the number of hours should be adjusted in a consistent manner.
- Gross wages does not include:
  - Nontaxable fringe benefits;
  - Tips paid by customers of employers;
  - Wages that are subsidized through another taxpayer or program, including any federal or state grant.

Employed in an Idaho County
An employee is employed in a county if:

- The employee's service is performed entirely within the county;
- The employee's service is performed both in and outside the county, but the service performed outside the county is incidental to the employee's service in the county; or
- Some of the service is performed in the county and:
  - The base of operations is located in the county or,
  - If there is no base of operations, the place from which the service is directed or controlled is in the county, or
  - The base of operations or the place from which the service is directed or controlled is not in any county in which some part of the service is performed, but the individual's residence is in the county.

Employer-Provided Health Care Benefits
Employer-provided means an individual's employer must pay the following percentages of the cost of an employee's premium for health care benefits;

- At least 80% of the cost of the employee's premium if such employee had single coverage.
- At least 70% of the cost of the employee's premium if such employee had family coverage.

Health Care Benefits That Qualify
Health care benefits means coverage offered through a group health plan for employees that includes hospital, medical and surgical expense coverage as follows:

- An accident and sickness insurance policy that provides hospital, medical and surgical expenses coverage, to an aggregate maximum of not less than $500,000;
- Coinsurance percentage per year per covered person not to exceed 50% of covered charges, provided that the coinsurance out-of-pocket maximum combined with any deductibles does not exceed 4% of the aggregate maximum limit under the policy for each covered person;
- A deductible stated on a per person, per family, per illness, per benefit period, or per year basis, or combination of these bases not to exceed 4% of the aggregate maximum limit under the policy for each covered person for at least:
  - Daily hospital room and board expenses subject only to limitations based on average daily cost of the semiprivate room rate in the area where the insured resides;
  - Miscellaneous hospital services;
  - Surgical services;
  - Anesthesia services;
  - In-hospital medical services; and
  - Out-of-hospital care, consisting of physicians' services rendered on an ambulatory basis where coverage is not provided elsewhere in the policy for diagnosis and treatment of sickness or injury, diagnostic x-ray, laboratory services, radiation therapy, and hemodialysis ordered by a physician.
- Additional benefits. Health care benefits must also provide not fewer than three of the following benefits:
  - In-hospital private duty registered nurse services;
  - Convalescent nursing home care;
  - Diagnosis and treatment of radiologist or physiotherapist;
  - Rental of special medical equipment, as defined by the insurer in the policy;
  - Artificial limbs or eyes, casts, splints, trusses or braces;
  - Treatment for functional nervous disorders, and mental and emotional disorders; or
  - Out-of-hospital prescription drugs and medications.

Health Care Benefits That Don't Qualify
Health care benefits don't include limited benefit policies or certificates of insurance for specific disease, hospital confinement indemnity, accident-only, credit, dental, vision, Medicare supplement, long-term care, or disability income insurance, student health benefits-only coverage issued as a supplement to liability insurance, worker's compensation or similar insurance, automobile medical payment insurance or nonrenewable short-term coverage issued for a period of 12 months or less.

Health Care Benefits Waiting Period
To qualify as employer-provided health care benefits, the health care benefits plan may not have a waiting period of more than two months from the date of an employee's first day of employment. A new employee covered by a plan with a waiting period longer than two months from the employee's first day of employment does not qualify for the Hire One Act credit.

Idaho Department of Labor (DOL) Taxable Wage Rate Notice
Employers are advised of their unemployment insurance tax rate in mid-December of the preceding calendar year through their DOL tax rate notice. They are also advised of their tax rate on the quarterly tax statements.

Idaho DOL Unemployment Insurance Tax Report
The employer must begin with the DOL unemployment insurance tax report to determine the number of qualifying employees for each month of the taxable year. However, an employee listed in these reports does not automatically qualify to be included in the number of employees. Only those employees who meet the qualification are included in the monthly total. See Specific Instructions for Part II.

Information Required to Be Included with Idaho Return
An employer must include with the Idaho income tax return on which the Hire One Act credit is claimed a copy of the Taxable Wage Rate Notice issued by the Department of Labor for that income tax year. Notices that cannot be included with an electronically filed return must be separately mailed to the Tax Commission.

Pass-Through Entities
The credit earned by a pass-through entity is refunded to the pass-through entity, rather than passed through to the owner.

Qualifying Employer
A qualifying employer is a rated employer under the Idaho Employment Security Law, but does not include a governmental agency or nonprofit entity. A nonprofit entity includes any entity that is exempt from the Idaho income tax under Section 63-3025B, Idaho Code, including those entities that are exempt except for paying income tax on unrelated business income.

Qualifying Wages
For purposes of calculating the credit amount, qualifying wages is the employee's gross salary paid to the employee during the initial 12 months of employment. However, gross wages does not include:

- Nontaxable fringe benefits;
- Tips paid by customers of the employer;
- Wages that are subsidized through another taxpayer or program, including any federal or state grant.

Qualifying wages for purposes of this credit may be earned in two different tax years. For example, for an employer that files an income tax return on a calendar year basis, if an employee was hired on May 1, 2011, and the employee was considered a qualifying employee in 2012, the employer would include the gross qualifying wages paid to that employee between May 1, 2011, and April 30, 2012, when determining the amount of refundable credit for tax year 2012. If the employer hired an employee on April 1, 2012, and the employee was considered a qualifying employee in 2012, the employer would include the gross qualifying wages paid to the employee between April 1, 2012, and March 31, 2013, when determining the amount of refundable credit for tax year 2012.

Seasonal, New Business Or Acquired Business
An individual employed in a seasonal or new business that was in operation for less than nine consecutive months cannot qualify as a new employee.

If you acquired a business from another taxpayer or you are operating the same or substantially identical business as operated by another taxpayer in the last 12 months, you must obtain employment information from the previous owner to determine whether a person qualifies as a new employee of your business. The table below shows how to calculate the credit in your first three years of business.

Unitary Corporations
Each corporation in a unitary group must separately calculate the amount of the Hire One Act credit based on its own employees and must not include the employees of other corporations included in the combined group.

Tax Year of New Owner	**Calculation of Average Number of Qualifying Employees During the Three Preceding Tax Years**		**Calculation of Average Number of Qualifying Employees During the Preceding Tax Year**
First year	First preceding tax year	Use the previous owner's numbers for all three years	Use the previous owner's average number of qualifying employees
	Second preceding tax year		
	Third preceding tax year		
Second year	First preceding tax year	Use your first year's numbers	Use your first year's average number of qualifying employees
	Second preceding tax year	Use the previous owner's numbers	
	Third preceding tax year	Use the previous owner's numbers	
Third year	First preceding tax year	Use your first year's numbers	Use your second year's average number of qualifying employees
	Second preceding tax year	Use your second year's numbers	
	Third preceding tax year	Use the previous owner's numbers	

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

PART II. INCREASE IN NUMBER OF EMPLOYEES

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

Line 2. Determine the average number of 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 Insurance Tax Reports for each preceding year by three. If your business existed for less than three tax years, use the number of tax years in existence.

Line 3. Determine the average number of employees during the preceding tax year by adding the number of qualifying employees reported for each month on your Idaho Employer Quarterly Unemployment Insurance Tax Reports and dividing that amount 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, the number is rounded down to the nearest whole number.

PART III. QUALIFYING WAGES

For purposes of lines 1a and 1b, when identifying the qualifying wages of new employees included on Part II, line 4, the new employees are those qualifying employees who were last hired by the employer.

See Qualifying Wages on page 2 for additional information.

Form 72-S or your own schedule must be included with the return to identify the specific new employees and qualifying wages reported on Part III, lines 1a and 1b. Information submitted must include the employee's name, Social Security Number, date hired, date terminated, county of employment, health care benefit coverage (single 80% or family 70%), total wages paid to the employee during the initial 12 months of employment, gross wages reported on Form 72, Part III, line 1a and gross wages reported on Form 72, Part III, line 1b.

Line 1a. Enter the total amount of qualifying wages for those employees included in Part II, line 4 with an hourly wage rate of at least $12 per hour in a county with an unemployment rate equal to or greater than 10%.

Line 1b. Enter the total amount of qualifying wages for those employees included in Part II, line 4 with an hourly wage rate of at least $15 per hour in a county with an unemployment rate less than 10%.

See page 4 for the county unemployment rates.

PART IV. CREDIT ALLOWED

Line 1. Enter the credit percentage associated with your Idaho Department of Labor taxable wage rate. This will be either 2%, 4% or 6%.

Line 2. Enter amount on this line and on your Idaho return. If you are filing Form 40, enter amount on line 48; Form 41, enter amount on line 55; Form 41S, enter amount on line 61; Form 43, enter amount on line 67; Form 65, enter amount on line 57; or Form 66, enter amount on line 26.

County Unemployment Rates

The applicable county unemployment rates for 2011 and 2012 to be used in 2013 are:

County	2011	2012
Ada	8.0%	6.3%
Adam	17.3%	13.9%
Bannock	8.0%	7.0%
Bear Lake	5.5%	4.7%
Benewah	13.7%	11.9%
Bingham	7.3%	6.1%
Blaine	8.8%	6.6%
Boise	9.6%	8.6%
Bonner	12.3%	9.9%
Bonneville	7.1%	6.0%
Boundary	13.2%	10.0%
Butte	7.1%	7.2%
Camas	11.2%	8.9%
Canyon	10.8%	8.3%
Caribou	7.6%	5.8%
Cassia	6.8%	5.5%
Clark	8.5%	6.6%
Clearwater	14.9%	13.0%
Custer	7.3%	7.1%
Elmore	9.0%	7.5%
Franklin	5.7%	4.5%
Fremont	8.2%	6.5%
Gem	11.4%	9.1%
Gooding	6.6%	5.1%
Idaho	11.4%	9.3%
Jefferson	7.2%	6.0%
Jerome	7.8%	6.4%
Kootenai	10.3%	8.4%
Latah	7.2%	6.4%
Lemhi	10.9%	9.9%
Lewis	6.2%	5.8%
Lincoln	12.3%	9.1%
Madison	6.2%	5.5%
Minidoka	7.3%	6.1%
Nez Perce	6.9%	5.9%
Oneida	5.1%	4.1%
Owyhee	5.0%	4.7%
Payette	9.6%	8.0%
Power	9.2%	8.0%
Shoshone	13.7%	11.6%
Teton	6.7%	5.7%
Twin Falls	8.0%	6.6%
Valley	15.2%	11.4%
Washington	10.1%	8.4%