

IDAHO SMALL EMPLOYER NEW JOBS TAX CREDIT

2012

Name(s) as shown on return	Social Security Number or EIN
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QUALIFYING FOR THE CREDIT

You may claim the small employer new jobs tax credit if you have certified on Form 89SE that 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 the instructions for who is included in this calculation.

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; however, you may qualify for the credit for qualifying new employees or the Hire One Act credit. See Idaho Form 55 and 72.

CREDIT AVAILABLE SUBJECT TO LIMITATIONS

1. The average number of qualifying employees during the tax year	1	
2. The average number of qualifying employees during the three preceding tax years.....	2	
3. The average number of qualifying employees during the preceding tax year	3	
4. Subtract the greater of line 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	
5. Number of qualifying new employees listed on line 4 whose annual salary during the tax year the credit was earned was:		
a. greater than \$24.04 per hour worked but equal to or less than an average rate of \$28.85 per hour worked	5a	
b. greater than an average rate of \$28.85 per hour worked but equal to or less than an average rate of \$36.06 per hour worked	5b	
c. greater than an average rate of \$36.06 per hour worked but equal to or less than an average rate of \$43.27 per hour worked	5c	
d. greater than an average rate of \$43.27 per hour worked	5d	
\$1,500 Credit		
6. Multiply the number on line 5a by \$1,500	6	
\$2,000 Credit		
7. Multiply the number on line 5b by \$2,000	7	
\$2,500 Credit		
8. Multiply the number on line 5c by \$2,500	8	
\$3,000 Credit		
9. Multiply the number on line 5d by \$3,000	9	
10. Add lines 6 through 9. This is your total small employer new jobs tax credit earned this tax year	10	
11. Pass-through share of credit from a partnership, S corporation, estate or trust	11	
12. Credit received through unitary sharing. Include a schedule	12	
13. Carryover of small employer new jobs tax credit from prior years	13	
14. Carryover eliminated due to recapture in 2012. Enter the amount from Form 85R, line 11. Include Form 85R	14	
15. Credit distributed to partners, shareholders or beneficiaries	15	
16. Credit shared with unitary affiliates	16	
17. Total credit available subject to limitations. Add lines 10 through 13 and subtract lines 14 through 16.....	17	

CREDIT LIMITATIONS

If you are claiming the credit for qualifying new employees, compute the limitation on Form 55, then complete lines 34 through 36 on this form.

If you are not claiming the credit for qualifying new employees, complete lines 18 through 36.

18. Enter the Idaho income tax from your tax return.....		18	
19. Credit for tax paid to other states.....	19		
20. Credit for contributions to Idaho educational entities.....	20		
21. Investment tax credit.....	21		
22. Credit for contributions to Idaho youth and rehabilitation facilities.....	22		
23. Credit for production equipment using postconsumer waste.....	23		
24. Promoter sponsored event credit.....	24		
25. Credit for Idaho research activities.....	25		
26. Broadband equipment investment credit.....	26		
27. Incentive investment tax credit.....	27		
28. Small employer investment tax credit.....	28		
29. Small employer real property improvement tax credit.....	29		
30. Add lines 19 through 29.....		30	
31. Tax available after other credits. Subtract line 30 from line 18.....		31	
32. 62.5% of tax. Multiply line 18 by 62.5%.....		32	
33. Total credit allowed on current year tax return. Enter the smallest amount from lines 17, 31, or 32 here and on Form 44, Part I, line 10.....		33	

CREDIT CARRYOVER

34. Total credit available subject to limitations. Enter the amount from line 17.....		34	
35. Credit allowed. Enter the amount from line 33 or from Form 55, Part II, line 27.....		35	
36. Credit carryover to future years. Subtract line 35 from line 34. Enter the amount here and on Form 44, Part I, line 10.....		36	

Instructions for Idaho Form 85

GENERAL INSTRUCTIONS

Form 85 is used to calculate the Idaho small employer new jobs tax credit (SE-NJTC) earned or allowed. Each member of a unitary group of corporations that earns or is allowed the credit must complete a separate Form 85.

If the project period began during this tax year and didn't cover a period of at least nine months, you don't qualify for the SE-NJTC this year. If you are claiming the SE-NJTC, you can't also claim the Hire One Act credit for the same employees.

QUALIFYING TAXPAYERS

To qualify for the SE-NJTC, you must certify by filing Form 89SE that you will meet the tax incentive criteria at the project site during the project period. If you haven't filed Form 89SE with the Tax Commission, or you have been notified that you don't qualify for the small employer incentives, you can't claim this credit. If you don't qualify for the SE-NJTC, you may be eligible to claim the Hire One Act credit. See Idaho Form 72.

QUALIFYING NEW EMPLOYEES FOR THE SE-NJTC

To qualify for the credit, the new employee must:

- Qualify as a new employee for purposes of the small employer tax incentive criteria discussed above,
- Earn more than \$24.04 per hour, and
- Have worked a minimum of nine months during the tax year in which the credit is claimed.

CALCULATING THE CREDIT

The Employer Quarterly Unemployment Insurance Tax Reports and the Unemployment Insurance Wage Reports filed with the Idaho Department of Labor are used to compute the number of employees. However, only those employees who meet the definition of "new employee" can be included when computing the SE-NJTC. Don't include any employees who don't work primarily in the project site. You must keep records to support the computations.

The number of employees employed primarily at the project site during a tax year is the average of the number of such employees reported to the Idaho Department of Labor during the 12 months of the tax year. If the project period began during the tax year, the number of employees for the year is the average number actually employed during the months of the project period. However, you can't earn the credit if the project period didn't cover at least nine months during the first tax year. These employees may qualify for the credit the next year.

The number of qualifying new employees is the increase in the number of qualifying employees for the current tax year over the greater of the following:

- The average number of qualifying employees for the three preceding tax years, or
- The average number of qualifying employees for the preceding tax year.

The number of qualifying new employees must be rounded down to the nearest whole number.

CREDIT RATES

Each qualifying new employee must be identified in order to determine the credit allowed, which is based on the annual salary of the employee as shown in the following table.

If the annual salary is greater than ...	But equal to or less than an average rate of ...	Then the credit earned is ...
\$24.04 per hour	\$28.85 per hour	\$1,500
An average rate of \$28.85 per hour	\$36.06 per hour	\$2,000
An average rate of \$36.06 per hour	\$43.27 per hour	\$2,500
An average rate of \$43.27 per hour		\$3,000

CARRYOVER PERIODS

The SE-NJTC earned but not used against tax may be carried forward for 10 tax years. For purposes of the carryover period, a short tax year counts as one tax year.

RECAPTURE

You must compute recapture if you don't maintain the required level of new employees for five full years from the date the project period ends.

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

If you claimed the SE-NJTC and recapture is now required, file Form 85R.

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

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 Insurance Tax Reports and dividing that amount by the number of months of operation during the tax year. Don't include any employees who weren't employed primarily at the project site.

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 Insurance Tax Reports for each preceding year by three. If the project period existed 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 Insurance Tax Reports and dividing that amount by the number of months of operation during the preceding tax year. Enter zero if the project period covered less than nine months 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.

Line 5. To complete lines 5a through 5d, you must be able to identify each individual who is a qualifying new employee and the annual average salary earned during the tax year by that individual. Enter the number of qualifying new employees according to their annual salary earned for the tax year. The amounts listed on lines 5a through 5d can't exceed the number on line 4.

Line 11. Enter the amount of the SE-NJTC that is being passed through by partnerships, S corporations, estates or trusts in which you have an interest. This amount is reported on Form ID K-1, Part D, line 11.

Line 12. If you are a member of a unitary group, enter the amount of credit you received from another member of the unitary group.

Line 13. Enter the carryover from your 2011 Form 85, line 36.

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

Line 16. 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-NJTC 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

If you are claiming against tax the Idaho credit for qualifying new employees, skip lines 18 through 33 and compute the limitations on Form 55, Idaho Credit for Qualifying New Employees, Part II, Credit Limitations. Return to Form 85, line 34 to compute the credit carryover.

The SE-NJTC is limited to the smaller of 62.5% of your tax liability or the Idaho income tax after allowing all other tax credits that may be claimed before the SE-NJTC.

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

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
12. Small employer real property improvement tax credit

Line 18. 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 19. Enter the credit for tax paid to other states from Form 39R or Form 39NR. This credit is available only to individuals, estates, and trusts.

Line 20. Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return.

Line 21. Enter the investment tax credit allowed from Form 49, Part II, line 8.

Line 22. Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 23. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

Line 24. Enter the promoter sponsored event credit from the appropriate Idaho income tax return.

Line 25. Enter the credit allowed for Idaho research activities from Form 67, line 29.

Line 26. Enter the amount allowed for the broadband equipment investment tax credit from Form 68, line 18.

Line 27. Enter the credit allowed for the incentive investment tax credit from Form 69, line 16.

Line 28. Enter the small employer investment tax credit allowed from Form 83, line 28.

Line 29. Enter the small employer real property improvement tax credit allowed from Form 84, line 26.

Line 33. Enter the smallest amount from lines 17, 31, or 32 on line 33. Enter this amount on Form 44, Part I, line 10 in the Credit Allowed column.

CREDIT CARRYOVER

Line 36. The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 10 tax years. Enter this amount on Form 44, Part I, line 10, in the Carryover column.