



# CREDITS FOR EMPLOYERS IN THE AEROSPACE SECTOR

FORM **565** 2011

Name as Shown on Return (Qualified Employer): _____	Federal Employer Identification Number: _____
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Type of Business: (Check one)	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> S Corporation
	<input type="checkbox"/> Corporation	<input type="checkbox"/> Fiduciary	

## **GENERAL INFORMATION - See Tax Credit Moratorium on page 3.**

A qualified employer is allowed credits for tuition reimbursed and for compensation paid to a qualified employee. A qualified employee means any person employed by or contracting with a qualified employer on or after January 1, 2009, who has been awarded an undergraduate or graduate degree in engineering and was not employed in the aerospace sector in Oklahoma immediately preceding current employment.

- Use Part 1 to compute the credit for tuition reimbursed to a qualified employee.
- Use Part 2 to compute the credit for compensation paid to a qualified employee.
- Use Part 3 to total the credits and determine the amount to carry to Form 511CR, line 40.

## **PART 1 – CREDIT FOR TUITION REIMBURSED TO A QUALIFIED EMPLOYEE**

The credit for tuition reimbursed to a qualified employee is allowed if the employee has been awarded their engineering degree within one year of employment. The credit is 50% of the tuition reimbursed during the first four years of employment. In no event shall the credit exceed 50% of the average annual amount paid for enrollment and instruction in a qualified program at a public institution in Oklahoma.

### **Part 1 Credit Computation:**

(A) Name of Qualified Employee	(B) Social Security Number	(C) Date Hired	(D) Date Graduated	(E) Tuition Reimbursed after June 30, 2011	(F) Credit Amount
1.					
2.					
3.					
4.					
5. If more lines are needed, enclose a separate schedule showing the same information as Columns A - F. Enter the total credits from the separate schedule here.....					
6. <b>Total Credit for Tuition Reimbursement</b> - Add Column F, lines 1-5 (Enter here and on Part 3, line 1) .....					

### **Part 1 Instructions:**

Columns A & B: Enter the name and Social Security Number of the qualified employee.

Column C: Enter the date employment began.

Column D: Enter the date graduated. The date must be within one year of the date listed in Column C.

Column E: Enter the amount of tuition reimbursed during the tax year after June 30, 2011; do not enter any amount reimbursed on or before June 30, 2011. Do not enter more than the average annual amount paid for enrollment and instruction in a qualified program at a public institution in Oklahoma; the credit may not exceed 50% of such amount. Tuition does not include the cost of books, fees or room and board.

Column F: The credit is 50% of the amount in Column E. No credit may be claimed after the fourth year of employment.



## CREDITS FOR EMPLOYERS IN THE AEROSPACE SECTOR

### **PART 2 – CREDIT FOR COMPENSATION PAID TO A QUALIFIED EMPLOYEE**

The credit for compensation paid to a qualified employee is a percentage of the compensation paid for the first five years of employment. If the employee graduated from an Oklahoma institution the credit is 10% of such compensation and if the employee graduated from an institution located outside of Oklahoma the credit is 5%. The credit may not exceed \$12,500 annually for each qualified employee.

#### **Part 2 Credit Computation:**

(A) Name of Qualified Employee	(B) Social Security Number	(C) Date Hired	(D) Name of Institution	(E) Compensation Paid after June 30, 2011	(F) Credit Amount
1.					
2.					
3.					
4.					
5. If more lines are needed, enclose a separate schedule showing the same information as Columns A - F. Enter the credits from such separate schedule here.....					
6. <b>Total Credit for Compensation Paid</b> - Total Column F, lines 1-5 (Enter here and on Part 3, line 2) .....					

#### **Part 2 Instructions:**

Columns A & B: Enter the name and Social Security Number of the qualified employee.

Column C: Enter the date employment began.

Column D: Enter the institution from which the qualified employee earned their engineering degree.

Column E: Enter the compensation paid for employment, or wages earned, during the tax year after June 30, 2011. Employment must be in the form of contract labor for which Form 1099 was issued and/or wages must be subject to Oklahoma withholding. Do not enter any amount paid on or before June 30, 2011.

Column F: If the employee graduated from an Oklahoma institution, the credit is 10% of the amount in Column E. If the employee graduated from an institution located outside of Oklahoma, the credit is 5% of the amount in Column E. The credit for each employee is limited to \$12,500 annually. No credit may be claimed after the fifth year of employment.

### **PART 3 – TOTAL CREDITS AVAILABLE**

- Credit for Tuition Reimbursed to a Qualified Employee (Enter the amount from Part 1, line 6)...
- Credit for Compensation Paid to a Qualified Employee (Enter the amount from Part 2, line 6) .
- Total** - Credits for Employers in the Aerospace Sector -  
(Add lines 1 and 2; enter here and on Form 511CR, line 40) .....

**CREDIT FOR EMPLOYERS IN THE AEROSPACE SECTOR**  
68 OKLAHOMA STATUTES SEC. 2357.301. 2357.302 AND 2357.303 AND RULE 710:50-15-109

**TAX CREDIT MORATORIUM**

No credit may be claimed for any tuition reimbursed by a qualified employer to a qualified employee, or for compensation paid to a qualified employee, for the period of July 1, 2010 through June 30, 2011, for which the credit would otherwise be allowable.

Example:

1) A qualified employee is hired by a qualified employer prior to the moratorium period of July 1, 2010 through June 30, 2011. The qualified employer will receive a tax credit for any tuition reimbursed during, or compensation paid for, the period prior to July 1, 2010. No credit will be allowed for tuition reimbursed during, or compensation paid for, the period July 1, 2010 through June 30, 2011. Tuition reimbursed during, or compensation paid for, the period after June 30, 2011 and within the first four or five years of employment, respectively, qualifies for the credit. No credit will be allowed for tuition reimbursement or compensation paid after the four or five year limitation.

2) A qualified employee is hired by a qualified employer during the moratorium period of July 1, 2010 through June 30, 2011. The qualified employer will not receive a tax credit for any tuition reimbursed during, or compensation paid for, the period July 1, 2010 through June 30, 2011. Tuition reimbursed during, or compensation paid for, the period after June 30, 2011 and within the first four or five years of employment, respectively, qualifies for the credit. No credit will be allowed for tuition reimbursed or compensation paid after the four or five year limitation.

**DEFINITIONS**

**“Aerospace Sector”** means a private or public organization engaged in the manufacture of aerospace or defense hardware or software, aerospace maintenance, aerospace repair and overhaul, supply of parts to the aerospace industry, provision of services and support relating to the aerospace industry, research and development of aerospace technology and systems, and the education and training of aerospace personnel.

**“Compensation”** means payments in the form of contract labor for which the payor is required to provide a Form 1099 to the person paid, wages subject to withholding tax paid to a part-time employee or full-time employee, or salary or other remuneration. Compensation shall not include employer-provided retirement, medical or health-care benefits, reimbursement for travel, meals, lodging or any other expense.

**“Institution”** means an institution within The Oklahoma State System of Higher Education or any other public or private college or university that is accredited by a national accrediting body.

**“Qualified Employer”** means a sole proprietor, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity, or public entity whose principal business activity involves the aerospace sector.

**“Qualified Employee”** means any person newly employed by or contracting with a qualified employer on or after January 1, 2009. This individual must have been awarded an undergraduate or graduate degree from a qualified program by an institution and was not employed in the aerospace sector in Oklahoma immediately preceding employment or contracting with a qualified employer.

**“Qualified Program”** means a program that has been accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET) and awards an undergraduate or graduate degree.

**“Tuition”** means the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program. Tuition shall not include the cost of books, fees or room and board.

**NOTICE**

**Effective July 1, 2011**

Tax credits transferred or allocated must be reported on Oklahoma Tax Commission Form 569. Failure to file Form 569 will result in the affected credits being denied by the Oklahoma Tax Commission pursuant to 68 OS Sec. 2357.1A-2.