

Form 304 Major Business Facility Job Tax Credit

Tax Year _____



A separate Form 304 must be completed for each major business facility or qualified job expansion.

Fiscal Year Filers: Begin Date _____, and End Date _____

Name of Company		FEIN or Social Security Number	
Street Address		City, State and ZIP Code	

Entity Type: (Check One) C Corporation S Corporation Partnership LLC Other _____

Have you applied for any other credit(s) this year? If yes, indicate which credits. _____

1a. Enter the North American Industry Classification System (NAICS) Code for the Company's Primary Business in Va.: _____

1b. Enter the Industry Description _____

2a. Check here if two or more affiliated companies have aggregated the number of jobs created for the purpose of qualifying for this credit and attach a separate schedule showing the name of each affiliated company, the Virginia Account Numbers, the Federal Employer Identification Numbers, the NAICS codes, and the voting percentages (as defined in Va. Code § 58.1-439(S)).

2b. Qualifying Threshold (Check Only One): Tier 1 100 (50 for expansions beginning on or after 1/1/10)
Tier 2 50 (25 for expansions beginning on or after 1/1/10)

2c. This Major Business Facility is Located in the City / County of _____, Virginia.

Date Facility Established or Expanded _____ This is a new facility. This is an expanded facility.

2d. Date Range from Which the Credit is Based (minimum 24 months, maximum 35 months) _____

Expansion Period (12 months) _____ Credit Year _____

Filing Sequence 1st Year 2nd Year 3rd Year 4th Year 5th Year 6th Year

2e. Have you ever had an expansion before? Yes or No. If yes, what year _____ and number on Line 3a for that expansion _____?

3. Number of Qualifying Employees (See instructions):

If completing this form for the credit year (the first taxable year following the taxable year in which the major business facility was established or expanded), complete Schedules A and B, then enter the total on Line 3a.

For each of the 5 taxable years after the credit year, enter on **Line 3a** the number of qualifying employees for the credit year (this should be a constant number). For **Line 3b** the overall average number of qualifying employees, based on your quarterly filings with the Virginia Employment Commission for the current year. See the instructions for guidance on computing the amount on Line 3b. (If the number of qualifying employees in any of these five years is less than in the initial credit year, a credit recapture may be required on Line 8. See the instructions for Line 8 for additional information.)

3a. Number of Qualifying Employees in the Credit Year	3a.	
3b. Overall Average Number of Qualifying Employees in the Current Year for This Expansion	3b.	
3c. Add Line 3b Above and Line 3b from Last Year Filed of Each Previous Expansion (if any)	3c.	
3d. Add Line 3a Above and Line 2e Above (if any)	3d.	
3e. If Line 3c is Less than Line 3d, Attach a Schedule Showing the Computation for Recapture	3e.	
4. Threshold Amount - Enter the Amount from 2b	4.	
5. Number of Credit Year Qualifying Employees - Subtract Line 4 from Line 3a	5.	
6. Total Credit Allowed for this Major Business Facility or Expansion - Multiply Line 5 by \$1,000	6.	
7. Current Year Credit - Multiply Line 6 by <input type="checkbox"/> 1/2 if Your Credit Year's Taxable Year Begins on or After January 1, 2009 but Before January 1, 2015 OR <input type="checkbox"/> 1/3 for All Others	7.	
8. Credit to Be Recaptured this Year (if applicable)	8.	
9. Adjusted Credit - Subtract Line 8 from Line 7 (if applicable)	9.	

Declaration

I, the undersigned officer or other person authorized to act on behalf of the business entity, have read and understand the limitations and restrictions set forth for this application and the associated tax credit.

Authorized Signature	Printed Name	Title	Date
Preparer Name	Preparer Email	Preparer Phone Number	

**Schedule A
(Form 304)**

List of Qualifying Full-time Employees

- Complete this schedule for each year (1-6) that Form 304 is filed.
- Attach a list of all full-time and full-time equivalent employees used to qualify for this credit.
- List must be in the format shown in the sample below.
- No more than two part-time employees can be used as the equivalent of one full-time employee.

Two or more affiliated companies may elect to aggregate the number of jobs created for qualified full-time employees as the result of the establishment or expansion by the individual companies to qualify for this credit. "Affiliated companies" means two or more companies related to each other such that one company owns at least 80% of the voting power of the other (or others) or at least 80% of the voting power of two or more companies is owned by the same interests. For each month, enter the total number of qualifying full-time or equivalent full-time employees on Schedule B.

Each qualifying full-time position must:

- (a) be of indefinite duration, created by the taxpayer as a result of the establishment or expansion of a major business facility in Virginia; and
- (b) require a minimum of 35 hours per week for the entire year (minimum of 48 weeks); **or**
- (c) require a minimum of 35 hours a week for the portion of the taxable year in which the employee was initially hired for, or transferred to, the facility in Virginia.

Note that the hours of two qualifying part-time employees may be combined to qualify as one "equivalent" full-time employee. Seasonal or temporary positions and jobs created when a job function is shifted from an existing location in Virginia to the new major business facility and positions in building and grounds maintenance, security and other such positions which are ancillary to the principal activities performed by the employees at a major business facility do not qualify.

"Qualified full-time employees" may include the employees of a contractor or a subcontractor if they are permanently assigned to the taxpayer's major business facility. The taxpayer must be able to provide evidence to the Virginia Department of Taxation of a contractual agreement with the contractor or subcontractor prohibiting the contractor or subcontractor from also claiming these employees in order to receive a credit under this section.

In addition to including your name as it appears on the Form 304, your FEIN or Social Security Number, and the location of your major business facility or date of expansion, your list must include the following columns:

Columns A and B: Enter the name and Social Security Number of each qualifying employee. If claiming a qualifying employee of a contractor or affiliated company (see the above paragraph), make a notation beside each such employee in Column A and attach a separate schedule showing the corresponding affiliated company or contractor.

Column C: Enter the number of **full months** that the employee was employed in a qualifying position during the credit year.

Column D: Enter a brief position description for the qualifying employee.

Column E: *Part-time employee hours per week.* * **Enter the number of hours worked per week by the qualifying part-time employee. No more than two qualifying part-time employees may be combined to qualify as an "equivalent" full-time employee.**

	Column A Employee Name (Use Additional Schedules as Necessary)	Column B Social Security Number	Column C Number of Full Months Employed During the Credit Year	Column D Brief Position Description/Number	Column E Part-time Employee* (Number of Hours Per Week)
1					
2					
3					
4					
5					
6					
7					

**SCHEDULE B Qualified Employees Schedule
(Form 304)**



Name as it Appears on Form 304	FEIN or Social Security Number
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Starting with the first month of the taxable period for this return, enter the total number of qualifying full-time or equivalent full-time employees from Schedule A for each month. The instructions on Schedule A define qualifying full-time and equivalent full-time employees. The total number of qualifying employees for the taxable year will be computed on Line N below and transferred to Form 304, Line 3a. For additional information, see the instructions for Line 3.

	Column A Number of Qualified or Equivalent Full-Time Employees	Column B Number of Full Months Employed During the Credit Year	Column C Multiply Column A by Column B
A		12 months	
B		11 months	
C		10 months	
D		9 months	
E		8 months	
F		7 months	
G		6 months	
H		5 months	
I		4 months	
J		3 months	
K		2 months	
L		1 month	
M	Add Amounts in Column C, Lines A Through L		
N	Divide Line M Above by 12. Enter Here and on Form 304, Line 3a.		

SCHEDULE C Pass-Through Entity Identification (Form 304)



Name as it Appears on Form 304	FEIN or Social Security Number
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- **Tier 1 and Tier 2 pass-through entities must complete this form.**
- Complete this section to identify each taxpayer (individual or business) to which a portion of this credit is distributed. Enter in Columns D and E the percentage and amount of the current year credit from Form 304, Line 7 that is distributed to each partner, shareholder, or other pass-through entity owner. Attach a separate schedule if additional space is needed. Indicate below the type of pass-through entity which earned this credit:

Limited Liability Company Partnership S Corporation Other (specify) _____

	Column A Name	Column B FEIN or SSN	Column C Address	Column D Percentage	Column E Credit
1				%	
2				%	
3				%	
4				%	
5				%	
6				%	
7				%	
8				%	
9				%	
10				%	

Instructions for Completing Form 304, Major Business Facility Job Tax Credit

Qualifying for the Credit

Individuals, estates, trusts, corporations, banks, insurance companies and telecommunications companies may claim Major Business Facility Job Tax Credits if the taxpayer creates new full-time jobs in excess of the threshold amounts established for one of the two credit tiers. This credit is not available to retail businesses if retail trade is the principal activity of the facility. The taxpayer cannot claim both the Major Business Facility Job Tax Credit and the Coalfield Employment Enhancement Tax Credit, the Clean Fuel Vehicle and Advanced Cellulosic Biofuels Job Credit, the Green Job Creation Tax Credit or the International Trade Facility Tax Credit.

A qualified business firm receiving an Enterprise Zone Job Creation Grant under *Va. Code* § 59.1-547 shall not be eligible to receive a Major Business Facility Job Tax Credit for any job used to qualify for the Enterprise Zone Job Creation Grant.

The thresholds for the two credit tiers are as follows:

Tier 1: The qualifying threshold amount for Tier 1 is 100 new jobs for the establishment or expansion of a major business facility in Virginia. Please note that for taxpayers whose expansion year begins on or after January 1, 2010 the threshold has been reduced to 50 new jobs.

Tier 2: The qualifying threshold amount for Tier 2 is 50 new jobs for the establishment or expansion of a major business facility in a locality identified by the Virginia Economic Development Partnership as an economically distressed area or has been designated as an Enterprise Zone. Please note that for taxpayers whose expansion year begins on or after January 1, 2010 the threshold has been reduced to 25 new jobs.

Taxpayers can qualify for and claim a credit for only one tier per facility. Credits are subject to recapture if employment decreases during the five years following the credit year.

Computing and Claiming the Credit; Due Date for Form 304

- A company cannot file Form 304 and claim this credit until the first taxable year following the taxable year in which the company becomes eligible for the credit by establishing or expanding a major business facility in Virginia.
- A company may enter into a new major business expansion at the end of each credit year. Each expansion year must begin on the same date. For example: if your credit year ends on 12/31/10 and your expansion year began on 02/01/08, you can begin a new expansion on 02/01/11.
- Complete Form 304 to compute your credit and forward it to the Tax Credit Unit at the address below at least 90 days prior to the due date of your tax return. You will receive

a certification letter confirming your credit amount.

Where to File Form 304

Send your completed Form 304 to: **Tax Credit Unit; Virginia Department of Taxation; P.O. Box 715; Richmond, Virginia 23219.**

Please Note:

- Form 304 must be filed for a total of six taxable years following each expansion.
- A separate Form 304 must be filed for each major business facility or qualified job expansion.
- Do **NOT** attach Form 304 to your tax return.

Where to Get Help

Write to the **Virginia Department of Taxation, P. O. Box 715, Richmond, VA 23218-0715** or call **(804) 786-2992**.

Forms and instructions are available for download from the Department's website www.tax.virginia.gov or by calling **(804) 440-2541**.

Forms are also available from the office of your local Commissioner of the Revenue, Director of Finance or Director of Tax Administration.

Form Instructions

- Lines not specifically mentioned below are self-explanatory.
- Fiscal year filers: Using your federal tax period, complete the line at the top of the form.
- Name, Account Number and Federal Employer Identification Number or Social Security Number: Enter the information requested.

Lines 1a through 2e: Provide information for the credit year.

Line 3: Number of qualifying employees: Complete Lines 3a and/or 3b as explained on the form. You may use substitute Schedules A and B if they contain the same data.

Line 3a: If this is the credit year (the first taxable year following the taxable year in which the major business facility was established or expanded), complete Schedules A and B, and enter the amount from Schedule B, Line N.

Line 3b: Enter the average number of qualified full-time employees reported on the quarterly employment tax reports made to the Virginia Employment Commission for the current year. The average number of qualified employees must be calculated to two decimal places.

Line 3c through 3e: Provide the information requested. If you have questions, call 804-786-2992.

Line 6: Multiply amount on Line 5 by \$1,000.

Line 7: For the credit year and the subsequent taxable year, enter $\frac{1}{3}$ of the amount on Line 6. However, you may enter $\frac{1}{2}$ of the credit amount on Line 6 if your credit year's

taxable year begins on or after January 1, 2009 but before January 1, 2015.

Exception: Affiliated companies that aggregated jobs to qualify for this credit and file separate Virginia returns must enter the prorated current year credit amount here and attach a statement reflecting the prorated amount for each affiliated company.

Line 8: Credit to be recaptured this year: If the average number of qualifying employees, as determined by your current year quarterly filings with the Virginia Employment Commission (Line 3b), is less than the average number of qualifying employees for your credit year (Line 3a), you may be required to recapture all or a portion of the Major Business Facility Job Tax Credit.

Recapture is based on qualified full-time employees, but is not contingent upon specific employees. Consequently, recapture will not occur as a result of employee turnover if average employment does not decrease.

General Carryover Credit Information Based on Form 304

The Major Business Facility Job Tax Credit is computed in the credit year and allowed over a two or three year period. This is a nonrefundable credit. Any amount unused may be carried forward for the next ten taxable years.

Schedule A

Complete Schedule A to identify each qualifying employee according to the instructions provided. Please complete this section for each year (1 - 6) that Form 304 is filed.

Schedule B

Complete Schedule B to compute the average number of qualifying employees on a monthly basis.

Lines A through L:

Column A On each line, enter the number of qualified full-time or equivalent full-time employees who filled new permanent (indefinite duration) full-time positions in Virginia and were employed for the same number of months during the credit year.

Column B The number of months preprinted in Column B should be the number of months that the qualifying employees in Column A on the same line worked during the credit year.

Column C For each line, multiply the amount in Column A by the amount in column B.

Lines M and N:

Line M Add the amounts in Column C, Lines A through L.

Line N Divide Line M by 12. Enter here and on Form 304, Line 3a.

Schedule C

Tier 1 and Tier 2 pass-through entities must complete Schedule C for each year that a credit is earned (generally years 1 - 3).

In addition, a pass-through entity is also required to complete a Form 502 and send each participant a copy of the pass-through entity's certification letter to attach to its income tax return and a Schedule VK-1.