

**VIRGINIA
Form ITF**

**Application for International
Trade Facility Tax Credit**

Tax Year

Submit this form by April 1.

This credit must be approved before being claimed on your return.

A separate Form ITF must be completed for each Port Job Tax Credit.

The validation summary from the Virginia Port Authority (VPA) must be completed before filing this application.

| | | | |
|-----------------------|------------|-----------------|--|
| Name | | FEIN | |
| Trading As | | Contact Name | |
| Street Address | | Office Use Only | |
| City, State, ZIP Code | | | |
| Phone Number | FAX Number | Email | |

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

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

If you have applied for a Major Business Facility Job Tax Credit - STOP - You do not qualify.

Did the company transport at least 10% more cargo through maritime port facilities in the Commonwealth during the current taxable year than the preceding taxable year?

☐ **Yes.** Enter the figures for both years as listed on the attached VPA validation summaries:
_____ current taxable year _____ previous taxable year

OR

☐ **No.** This company does not qualify for the tax credit.

Declaration

I (we) the undersigned declare, under the penalties provided by law, that this form (including any accompanying schedules, statements, and attachments) has been examined by me (us) and is, to the best of my (our) knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the income tax laws of the Commonwealth of Virginia.

| | | | |
|----------------------|------------------------|-----------------------|------|
| Authorized Signature | Printed Name | Title | Date |
| Preparer Name | Preparer Email Address | Preparer Phone Number | |

Application for International
Trade Facility Tax Credit

Tax Year _____

| | |
|--------------------------------|--------------------------------|
| Name as it appears on Form ITF | FEIN or Social Security Number |
|--------------------------------|--------------------------------|

Check the box to identify the credit option for which you are applying.

☐ **Port Job Tax Credit** (complete Section 1)

☐ **Port Investment Tax Credit** (complete Section 2)

You cannot claim both credits in the same taxable year.

Section 1.

Port Job Tax Credit. Complete and return the attached schedules.

Please Note: No credit is allowed for the same jobs for which a Major Business Facility Job Tax Credit was claimed pursuant to Va. Code § 58.1-439.

☐ **Year 1** - Check this box if you are applying for a Port Job Tax Credit for the current year and complete Lines 1a, 1b, and 1c, Schedule A, and Schedule B.

1a. Average number of qualified full-time employees reported to the Virginia Employment Commission for the year for which you are applying - Schedule A.....

1b. Number of new qualified full-time employees that resulted from increased qualified trade activities (see instructions for information regarding fractional employees) - Schedule B.....

1c. Amount of credit requested. Multiply Line 1b by \$3,500.....\$.....00

☐ **Years 2 - 6** - Check this box and indicate the year if you are reporting employee totals for a prior year Port Job Tax Credit. Complete Lines 1d - 1h and Schedule A.

Tax year of the original credit

Filing Sequence: ☐ 2nd Year ☐ 3rd Year ☐ 4th Year ☐ 5th Year ☐ 6th Year

1d. Number of qualified full-time employees reported in Year 1
(Line 1a of Form ITF for Year 1)

1e. Average number of full-time employees reported during the
current year - Schedule A.....

1f. Credit Recapture - If Line 1e is greater than or equal to Line 1d, no action is needed.
If Line 1d is greater than Line 1e, the credit reported in Year 1 must be reduced.
Subtract Line 1e from Line 1d

PLEASE NOTE: The Department will notify you regarding your adjusted carryforward and whether a bill will be forthcoming.

Section 2.

Port Investment Tax Credit.

2a. Amount of capital investment made by the taxpayer to facilitate the increased
qualified trade activities reported on Schedule C\$.....00

2b. Amount of credit requested. Multiply Line 2a by .02.....\$.....00

Form ITF Schedule A

List of Qualifying Full-Time Employees

Complete if applying for a Port Job Tax Credit

- Attach a list of all full-time employees used to qualify for this credit.
- List must be in the format shown in the sample below.

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 employees on Schedule A.

Each qualifying full-time position must:

- (a) be of indefinite duration, created by the taxpayer after establishing or expanding an international trade 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 international trade facility in Virginia.

In addition to including your name as it appears on the Form ITF, your FEIN or Social Security Number, and the location of your international trade facility, 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 an affiliated company (see paragraph above), make a notation beside each such employee in Column A and attach a separate schedule showing the corresponding affiliated company.

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 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 |
|---|--|------------------------------------|--|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |

Form ITF
Schedule B

International Trade Facility
Port Job Creation Schedule

Tax Year _____

Complete if applying for a Port Job Tax Credit

| | |
|--------------------------------|--------------------------------|
| Name as It Appears on Form ITF | FEIN or Social Security Number |
|--------------------------------|--------------------------------|

Starting with the first month of the taxable period for this return, enter the total number of new qualifying full-time or equivalent full-time employees from Schedule A for each month.

| | 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 by 12. | | |

Form ITF
Schedule C

International Trade Facility Port Investment Schedule

Tax Year

| | |
|--------------------------------|--------------------------------|
| Name as It Appears on Form ITF | FEIN or Social Security Number |
|--------------------------------|--------------------------------|

Complete the below schedule if claiming the Port Investment Tax Credit. Copies of Schedule C can be submitted if additional space is needed.

| Date of Qualified Capital Investment | Use of Capital Investment | Amount of Qualified Capital Investment |
|--------------------------------------|---------------------------|--|
| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
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| | | .00 |
| | | .00 |
| | | .00 |
| | | .00 |
| | | \$.00 |

Application for International Trade Facility Tax Credit Instructions

General Information

An “international trade facility” is defined as a company that is engaged in port-related activities, including, but not limited to, warehousing, distribution, freight forwarding and handling, and goods processing; uses maritime port facilities located in the Commonwealth of Virginia; and transports at least 10% more cargo, measured in 20-foot equivalent marine containers, through maritime port facilities in the Commonwealth during the taxable year than was transported by the company through such facilities during the preceding taxable year.

For taxable years beginning on and after January 1, 2011, but before January 1, 2017, an income tax credit is allowed that is equal to either \$3,500 for every employee hired by Virginia shippers that results from increased cargo moving through a Virginia cargo facility operated by the Virginia Port Authority or 2% of any capital investment made by a Virginia shipper to facilitate increased cargo moving through a Virginia cargo facility operated by the Virginia Port Authority. Taxpayers can elect either credit, but cannot claim both credits in the same taxable year. The credit can be claimed against the individual income tax and the corporate income tax. Any amount of credit attributable to a partnership, S corporation, or limited liability company must be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in the business entity.

A qualified company that claims employees for the Major Business Facility Job Tax Credit or the International Trade Facility Tax Credit cannot receive a Port of Virginia Economic and Infrastructure Development Zone Grant (POV Zone Grant) for those previously claimed jobs.

To receive a credit, taxpayers are required to apply to the Department. No more than \$250,000 in tax credits will be issued in any fiscal year. If the amount of tax credits requested exceeds \$250,000, the credits will be allocated proportionately among all qualified taxpayers. The Department will determine the credit amount for the taxable year and provide a written certification to each taxpayer.

The amount of the credit is limited to 50% of the taxpayer's tax liability for the taxable year. Any unused credit amount can be carried forward for 10 years.

Port Job Tax Credit: A “qualified full-time employee” is defined as an employee filling a new, permanent full-time position in an international trade facility in the Commonwealth. A “new, permanent full-time position” is defined as a job of indefinite duration, created by the company as a result of the establishment or expansion of an international trade facility in the Commonwealth, requiring a minimum of 35 hours of work per week for the entire normal year. A “normal year” is defined as at least 48 weeks in a calendar year. Seasonal and temporary positions; jobs created by shifting a job function from elsewhere in the Commonwealth; and positions ancillary to the principal activities performed by employees at international trade facilities do not qualify as new, permanent

full-time positions. No credit is allowed for the same jobs for which a Major Business Facility Job Tax Credit was claimed pursuant to Va. Code § 58.1-439.

No credit is permitted for any employee for whom a credit under this section was previously earned by a related party or trade or business under common control.

Fractional Employees: If an employee is employed in the Commonwealth for less than 12 full months during the credit year, the credit amount is equal to \$3,500 multiplied by a fraction, the numerator of which is the number of full months that the qualified full time employee worked for the international trade facility for the year, and the denominator of which is 12.

Credit Recapture: Part or all of the Port Job Tax Credit may be recaptured. If the number of qualified full-time employees in any of the 5 years succeeding the credit year decreases below the average number of qualified full-time employees employed during the credit year, the credit is recaptured by recomputing the credit which was earned for the original credit year using the decreased number of qualified full-time employees and subtracting the recomputed credit amount from the amount of credit previously earned. If the average number of qualifying full-time employees employed at an international trade facility falls below the amount employed by the taxpayer prior to claiming any credits in any of the 5 taxable years succeeding the credit year, all credits earned with respect to the international trade facility are recaptured. Any recapture first reduces credits earned but not yet allowed and credits allowed but carried forward before it increases a taxpayer's tax liability.

When claiming the Port Job Tax Credit, complete and return the Schedule B with your completed Form ITF. You must also submit Form ITF and Schedule A for the subsequent 5 years.

Port Investment Tax Credit: A “capital investment” is defined as the amount properly chargeable to a capital account for improvements to rehabilitate or expand depreciable real property placed in service during the taxable year and the cost of machinery, tools, and equipment used by an international trade facility directly related to the movement of cargo and placed in service on or after January 1, 2011. Machinery, tools, and equipment do not include the basis of any property for which a credit was previously granted; which was previously placed in service in Virginia by the taxpayer, a related party, or a trade or business under common control; or which was previously placed in service in Virginia and has a basis in the hands of the person acquiring it, determined by reference to the basis of the property in the hands of the person from whom it was acquired. “Capital investments” include expenditures associated with exterior, structural, mechanical, or electrical improvements necessary to expand or rehabilitate a building for commercial or industrial use and excavations, grading, paving, driveways, roads, sidewalks, landscaping, or other land improvements. However, “capital investments” do not include the cost of acquiring any real

property or building; the cost of furnishings; any expenditure associated with appraisal, architectural, engineering, or interior design fees; loan fees, points, or capitalized interest; legal, accounting, realtor, sales and marketing, or other professional fees; closing costs, permit fees, user fees, zoning fees, impact fees, and inspection fees; bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction; utility hook-up or access fees; outbuildings; or the cost of any well or septic system.

What to Attach

Port Job Tax Credit

- Virginia Port Authority validation summaries for current and preceding taxable years
- First-year applicants must complete Schedule A & B
- Applicants filing for years 2-6 must complete Schedule A

Port Investment Tax Credit

- Virginia Port Authority validation summaries for current and preceding taxable years
- Must complete Schedule C. Copies of Schedule C can be submitted if additional space is needed

When to Submit Application

Form ITF, the required schedules and any supporting documentation must be completed and mailed by April 1 for credits earned the preceding year. For each credit earned, you must submit an updated Form ITF by April 1 each year for the 5 years following the year during which the credit originated.

For any application received without a postmark, the date received by the Department will be used to determine if the application was received by the filing deadline.

Where to Submit Application

Submit Form ITF and attachments to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or fax it to **804-367-3021**.

What to Expect from the Department

If the Department needs additional information we will contact you by May 1 and you will have until May 15 to respond. If you have not received acknowledgement of your application by May 31, call 804-786 2992.

The Department will issue the credit by June 30. If you have not received your credit certification by July 15, call 804-786-2992.

What Does the Taxpayer Need to Do

Upon receiving notification of the allowable credit amount, taxpayers may claim the allowable credit amount on the applicable Virginia income tax return and compute any carryover credit amount.

IMPORTANT All business taxpayers should be registered with the Department before completing Form ITF. If you are not registered, complete Form R-1.

If the tax return upon which this credit will be claimed is due on or before May 1, you may need to either submit an extension payment for any tax due or file an amended return once you have received the credit certification.

Pass-Through Entities

Each pass-through entity must file **Form PTE** with the Department within 30 days after the credit is granted. This information should be sent to: **Department of Taxation, Attn: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **804-786-2800**. **Please do not do both.**

Credit must be allocated among owners in proportion to each owner's percentage of ownership or participation in the pass-through entity.

All pass-through entities distributing this credit to their owners, shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income and Virginia Modifications and Credits.

Where to Get Help

Write to the **Virginia Department of Taxation, ATTN: Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715** or call **804-786-2992**. If you need assistance completing the VPA Validation Report please call **757-391-6235** or you may email **Helpdesk@vit.org**. For assistance with the container and cargo verification process, contact the Virginia Port Authority at **(757) 391-6235** or **Helpdesk@vit.org**.

Supporting Documentation

You must retain a copy of any supporting documentation of capital investments for your records. Examples of supporting documentation may include any of the following:

- Proof of purchase, such as an invoice or receipt;
- Proof of payment, such as a cancelled check, bank statement or credit card statement; or
- the depreciation worksheet for federal Form 4562 that supports capital investments being claimed/reported.