

**NEW JERSEY CORPORATION BUSINESS TAX  
NEW JOBS INVESTMENT TAX CREDIT**

Name as Shown on Return	Federal ID Number	NJ Corporation Number
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**READ THE INSTRUCTIONS BEFORE COMPLETING THIS FORM**

**PART I QUALIFICATIONS**

- Has the taxpayer invested in property purchased for new or expanded business facilities that created at least 5 new jobs in New Jersey for small or mid-sized business taxpayers (50 for other taxpayers) with median income of at least \$43,150 for tax years beginning in 2012, or \$44,000 for tax years beginning in 2013, or \$44,450 for tax years beginning in 2014, or \$45,100 for tax years beginning in 2015, or \$44,800 for tax years beginning in 2016, or \$45,350 for tax years beginning in 2017 .....  YES  NO
- Has the average book value of all real and tangible personal property in New Jersey of the taxpayer increased over the prior tax year? .....  YES  NO
- Is the average employment of the taxpayer in New Jersey in the first tax year of the tax credit greater than that of the prior tax year? .....  YES  NO

If the answer to any of the above questions is "NO", do not complete the rest of this form. The taxpayer does **not** qualify for the New Jobs Investment Tax Credit, otherwise, go to Part II.

**PART II CALCULATION OF THE NEW JOBS INVESTMENT TAX CREDIT**

Note: All items pertain only to New Jersey factors. Refer to the specific line item instructions for Part II before completing this section.

4. Enter the amounts of the qualified investments made during the current tax year:	
(a) 3 year life _____ x 0.35 .....	4(a)
(b) 5 year life _____ x 0.70 .....	4(b)
(c) 7 year or more life _____ x 1.00 .....	4(c)
5. Add lines 4(a) through 4(c) .....	5.
6. (a) Enter the average New Jersey employment for this tax year .....	6(a)
(b) Enter the average New Jersey employment for last tax year .....	6(b)
(c) Subtract line 6(b) from line 6(a) .....	6(c)
(d) Divide line 6(a) by 2 .....	6(d)
(e) Enter the number of eligible new jobs. (See instruction) .....	6(e)
(f) Enter the lesser of lines 6(c), 6(d) or 6(e) .....	6(f)
7. New Jobs Factor: (See instruction)	
(a) Small or mid-sized business taxpayers - divide line 6(f) by 5 with no remainder. Other taxpayers - divide line 6(f) by 50 with no remainder .....	7(a)
(b) For small or mid-sized business taxpayers, multiply line 7(a) by 0.01. For other taxpayers, multiply line 7(a) by 0.005 .....	7(b)
(c) For small or mid-sized business taxpayers, enter the lesser of 0.20 or line 7(b). For other taxpayers, enter the lesser of 0.10 or line 7(b) .....	7(c)
8. Maximum annual credit - Multiply line 5 x line 7(c) x 0.20 .....	8.
9. Prior year qualified investment (See instruction) Enter the maximum annual credit as determined on line 8 of this form for:	
(a) the first prior tax year .....	9(a)
(b) the second prior tax year .....	9(b)
(c) the third prior tax year .....	9(c)
(d) the fourth prior tax year .....	9(d)
10. Aggregate annual credit - Add line 8 and lines 9(a) through (d) .....	10.

**PART III CALCULATION OF THE ALLOWABLE CREDIT AMOUNT**

11. Compensation of all employees in New Jersey attributable to the qualified investment	11.	
12. Total compensation of all employees in New Jersey	12.	
13. Divide line 11 by line 12	13.	
14. Enter tax liability from page 1, line 9 of CBT-100 or BFC-1, or line 4 of the CBT-100S	14.	
15. Multiply line 14 by line 13	15.	
16. Enter 50% (.50) of line 15	16.	
17. Enter the required minimum tax liability as indicated in instruction (c) for Part III	17.	
18. Subtract line 17 from line 14. If the result is less than zero, enter zero	18.	
19. Enter the lesser of line 16 or line 18	19.	
20. Tax Credits taken on current year's tax return, if applicable: a) _____ b) _____ c) _____ d) _____ . . . . TOTAL	20.	
21. Subtract line 20 from line 19	21.	
22. Allowable credit for the current tax period - Enter the lesser of line 10 or line 21 here and on Schedule A-3 of the CBT-100, the CBT-100S or the BFC-1 <b>IF LINE 10 IS GREATER THAN LINE 22, PROCEED TO LINE 23. OTHERWISE, GO TO PART IV.</b>	22.	
23. Subtract line 22 from line 10	23.	
24. Property taxes attributable to qualified investment: (See instruction (e) for Part III) (a) Property tax paid on new property <b>or</b> Total N.J. property tax paid _____ multiplied by line 13	24(a)	
(b) Imputed property tax on new property (15% of rent) _____ <b>or</b> Imputed property tax on all rented property in N.J. (15% of rent) _____ multiplied by line 13	24(b)	
25. Add lines 24(a) and 24(b)	25.	
26. Enter 50% (.50) of line 25	26.	
27. Refund request - Enter the lesser of line 23 or line 26	27.	

**PART IV CERTIFICATION**

The following certifications are required in accordance with N.J.S.A. 54:10A-5.9 of the New Jobs Investment Tax Credit Act.

- For qualified investments made during the current tax year, the taxpayer certifies that the number of new jobs reported on line 6(e) of Part II, is a reasonable estimate of the number of new jobs directly attributable to the qualified investment; and
- For qualified investments made in prior years for which a New Jobs Investment Tax Credit was claimed, the taxpayer certifies:
  - The new jobs factor for:
 

the first prior year	_____
the second prior year	_____
the third prior year	_____
the fourth prior year	_____
  - The maximum annual tax credit for:
 

the first prior year	_____
the second prior year	_____
the third prior year	_____
the fourth prior year	_____
- That the qualified investment property continues to be used in the business or has been disposed of after the expiration of its recovery period; and
- That the new jobs used in the calculation of the new jobs factor continue to qualify as eligible new jobs as defined for the purposes of this credit.

\_\_\_\_\_  
(Signature of Duly Authorized Officer of Taxpayer)

\_\_\_\_\_  
(Date)

**NOTE:** If the taxpayer is unable to make the above certifications, amended returns must be filed reflecting the correct new jobs factors and qualified investments for all affected tax years.

## Instructions for Form 304 New Jobs Investment Tax Credit

The New Jobs Investment Tax Credit is available for investment in new or expanded business facilities that create new jobs in New Jersey. Investments which qualify for this tax credit must be placed in service or use during tax years beginning after July 7, 1993. The investment must create at least 5 new jobs (50 new jobs for large businesses) with a median annual compensation of the threshold amount established for the particular tax year. Also, in order to claim this tax credit, the average book value of all real and tangible personal property in New Jersey must have increased over the prior year.

The New Jobs Investment Tax Credit is taken in five equal annual installments. The annual credit cannot exceed 50% of that portion of the Corporation Business Tax liability which is attributable to and the direct result of the taxpayer's qualified investment and shall not reduce the tax liability below the statutory minimum. Although there is no carryover provision for this tax credit, the amount of the unused annual credit may be refunded to the taxpayer subject to certain limitations. Part III of Form 304 is used to determine the allowable credit amount as well as any potential refund amount.

**1. Expanded Business Facility** means any business facility, other than a new business facility, resulting from acquisition, construction, reconstruction, installation or erection of improvements or additions to existing property if such improvements or additions are purchased during tax years beginning after July 7, 1993, but only to the extent of a taxpayer's qualified investment in such improvements or additions.

**2. New Business Facility** means a business facility which:

- a) is employed by a taxpayer in the conduct of a business which is subject to the New Jersey Corporation Business Tax Act, N.J.S.A. 54:10A-1 et seq. A business facility does not qualify if the taxpayer's only activity with respect to such facility is to lease it to another person.
- b) is purchased and placed in service or use during tax years beginning after July 7, 1993;
- c) was not purchased by a taxpayer from a related person;
- d) was not in service or use during the 90 day period immediately prior to transfer of the title to the facility.

**3. New Employee** means a New Jersey resident, hired to fill a regular, permanent position which did not exist prior to the qualified investment, and would not exist but for the qualified investment. The employee must be unrelated to the taxpayer and must not have been in its employ during the six months prior to the date that the qualified investment is placed in service or use. Temporary or seasonal employees are not considered new employees for the purposes of this tax credit. The position held by the employee may be full-time or part-time. Full-time means employment for at least 140 hours per month at a wage not less than the State or Federal minimum wage. Part-time means customarily performing such duties at least 20 hours per week for at least six months during the tax year. The hours of part-time employees shall be aggregated to determine the number of full-time equivalent jobs for the purposes of determining the number of eligible new jobs to be used in the computation of the new jobs factor.

The taxpayer cannot claim a credit for the number of new employees that exceeds either the increase in the taxpayer's average employment in New Jersey for the tax year, or one half of the taxpayer's average employment in New Jersey for the tax year. Also, individuals included in the determination of the Urban Enterprise Zone Employees Tax Credit or the Redevelopment Authority Project Tax Credit must be excluded in the determination of this tax credit.

**4. Qualified Investments** are those real and tangible personal property investments purchased for business relocation or expansion in New Jersey. Such investments **shall include only:**

1. Improvements to real property placed in service or use during tax years beginning after July 7, 1993;
2. Tangible personal property with respect to which depreciation with a recovery period of three or more years is allowable;
3. Tangible personal property moved by the taxpayer into New Jersey provided that the property has a remaining recovery period of three

or more years.

Examples of qualified investments **may not include:**

1. Property with respect to which the taxpayer's only activity is to lease it to another person;
2. Repair costs, including materials used in the repair, unless for federal income tax purposes, the cost of the repair must be capitalized and not expensed;
3. Airplanes;
4. Property primarily used outside New Jersey;
5. Property which is acquired incident to the purchase of the stock or assets of the seller;
6. Property for which the cost or consideration cannot be quantified with any reasonable degree of accuracy at the time such property is placed in service or use.

**5. Small or Mid-sized Business Taxpayer** means a taxpayer that has the following annual payroll and annual gross receipts amounts:

Tax Year	Payroll	Gross Receipts
<u>Beginning In</u>		
2013	\$6,532,200 or less	\$13,064,500 or less
2014	\$6,599,500 or less	\$13,199,150 or less
2015	\$6,701,750 or less	\$13,403,650 or less
2016	\$6,660,800 or less	\$13,321,800 or less
2017	\$6,744,000 or less	\$13,488,200 or less
2018	\$6,899,800 or less	\$13,799,850 or less

**6. Aggregate Annual Credit**

The aggregate annual credit allowed for a tax year is the sum of:

- 1) one-fifth of the annual credit amount calculated for prior tax years plus
- 2) one-fifth of the annual credit amount calculated for the current tax year.

This amount is calculated in Part II of Form 304.

**7. Tax Credit Limitations**

The New Jobs Investment Tax Credit is allowed as a credit against that portion of the taxpayer's Corporation Business Tax liability for the tax year which is attributable to and the direct result of the taxpayer's qualified investment and shall not reduce the tax liability for the tax year to an amount less than the required statutory minimum.

If any amount of the aggregate annual credit remains after the above limitations are applied, that amount may be refunded to the taxpayer. The amount of the refund cannot exceed 50% of the sum of the property taxes paid in the tax year and the implicit property taxes paid through rent or lease payments which are attributable to and the direct result of the taxpayer's qualified investment. If the taxpayer is unable to ascertain these amounts, the attributable property tax amounts shall be determined by multiplying the total New Jersey property taxes paid

by a fraction, the numerator of which is the compensation paid to New Jersey employees whose positions are directly attributable to the qualified investment. The denominator is all New Jersey compensation paid for the tax year. Lines 23 through 27 of Part III determine these amounts.

If any credit for the tax year remains, the amount shall be forfeited. There is no carryover provision for this tax credit.

**8. Certification and Record keeping**

The taxpayer must certify for every year during the five year period of the credit that the number of new jobs created is as reported on the current and prior year tax credit forms, and that the qualified investment property has not been disposed of prior to the end of its depreciable life.

The taxpayer must maintain sufficient records for each item of qualified property to establish:

- 1) its identity;
- 2) its actual or reasonably determined cost;
- 3) its straight-line depreciation life;
- 4) the month and the tax year in which it was placed in service;
- 5) the amount of credit taken; and
- 6) the date it was disposed of or otherwise ceased to be qualified property.

**SPECIFIC INSTRUCTIONS FOR FORM 304**

**PART I**

**Qualifications**

The taxpayer must meet the qualifications listed in Part I. If the answer to any of the questions is “no”, the taxpayer does not qualify for the tax credit.

**PART II**

**Calculation of the New Jobs Investment Tax Credit**

**Line 4** - Classify property purchased by its depreciable life for federal tax purposes.

**Line 6(e)** - The number of eligible new jobs must reflect the number of new employees (see instruction 3) hired by the taxpayer during the tax year. To determine this number, the taxpayer should rank the new employees by annual compensation. If the middle employee’s annual compensation is less than the required median compensation of \$40,800 for tax years beginning in 2010, then the lowest ranking jobs should be deleted from the list until the middle employee’s annual compensation is at least the required median compensation amount. If there are an even number on the list, the top half must be greater than the required median compensation amount. The final number of new employees on this list is the number of eligible new jobs to be reported on line 6(e), Part II.

**Line 7(a)** - Taxpayers who qualify as “small or mid-sized business taxpayers” as defined in instruction 5 must divide the amount on line 6(f) by 5. All other taxpayers must divide the amount on line 6(f) by 50.

**Line 9** - Report the maximum annual credit calculated for qualified investments made in prior tax years. The appropriate amount can be found on line 8 of the Form 304 which was filed for the particular tax year.

**Line 20** - Taxpayers claiming multiple credits must list any credits already applied to the tax liability to ensure accuracy of the calculation for maximum credit allowable.

**PART III**

**Calculation of the Allowable Credit Amount**

- a) The total and allowable New Jobs Investment Tax Credit for the current year is calculated in Part III. The amount of this credit cannot exceed 50% of that portion of the corporation business tax liability which is attributable to and the direct result of the taxpayer’s qualified investment and shall not reduce the tax liability below the statutory minimum.
- b) **Line 11** - Include the compensation of employees attributable to all the qualified investments comprising the Aggregate Annual Credit on Line 10, Part II.
- c) **Line 17** - The required minimum tax liability is as follows:

New Jersey Gross Receipts	CBT-100	CBT-100S
Less than \$100,000	\$500.00	\$375.00
\$100,000 or more but less than \$250,000	\$750.00	\$562.00
\$250,000 or more but less than \$500,000	\$1,000.00	\$750.00
\$500,000 or more but less than \$1,000,000	\$1,500.00	\$1,125.00
\$1,000,000 or more	\$2,000.00	\$1,500.00

provided however that for a taxpayer that is a member of an affiliated or controlled group which has a total payroll of \$5,000,000 or more for the return period, the minimum tax shall be \$2,000. Tax periods of less than 12 months are subject to the higher minimum tax if the prorated total payroll exceeds \$416,667 per month.

- d) **Lines 23 through 27** - If any unused credit remains after applying the limitations indicated in (a) above, the excess may be refunded to the taxpayer. The amount of the refund is calculated in this section.
- e) **Lines 24(a) and 24(b)** - Report the amount of property taxes paid and the amount of implicit property taxes paid through rent or lease payments that were attributable to and the direct result of the taxpayer’s qualified investment. If the taxpayer is unable to ascertain these amounts, they shall be determined by multiplying the total amount of New Jersey property taxes paid and the total amount of implicit New Jersey property taxes paid by the fraction that was determined on line 13 of Part III.
- f) The priorities set forth in this Corporation Business Tax form follow Regulation N.J.A.C. 18:7-3.17.

**PART IV**

**Certification**

This section must be completed for each tax year during the five year credit period for a qualified investment. If the taxpayer is unable to make the certifications, amended returns must be filed reflecting the correct new jobs factors and qualified investments for all affected tax years.