IDAHO State Tax Commission

Form 83
Small Employer Investment Tax Credit

2022

Names as shown on return	Social Security number or EIN

Qualifying for the Credit

You can claim the small employer investment tax credit if you've certified on Form 89SE that you'll meet all the following tax incentive criteria at the project site during the project period:

- Capital investment in new plant and building facilities of at least $500,000
- Increased employment by at least 10 new employees, each earning at least $19.23 per hour and receiving health benefits
- For new employment increases above the 10 new employees, the average wages of the additional new employees are at least $15.50 per hour worked. See instructions for who's included in this calculation.

If you haven't filed Form 89SE with the Tax Commission or have been notified that you don't qualify for the small employer incentives, you don't qualify for this credit. Complete Form 49 for any investments that qualify for the regular investment tax credit.

Credit Available Subject to Limitation

1.	Amount of qualified investments acquired during the tax year. Include a complete list of qualified investments	1	
2.	Amount of investments you claimed the property tax exemption for. Include Form 49E	2	
3.	Subtract line 2 from line 1. This is the amount of qualified investments you may earn the small employer investment tax credit on	3	
4.	Credit earned. Multiply line 3 by 3.75%	4	
5.	Pass-through share of credit from an S corporation, partnership, trust, or estate	5	
6.	Credit received through unitary sharing. Include a schedule	6	
7.	Carryover of small employer investment tax credit from prior years	7	
8.	Carryover eliminated due to recapture in 2022. Enter the amount from Form 83R, line 13. Include Form 83R	8	
9.	Credit distributed to shareholders, partners, or beneficiaries	9	
10.	Credit shared with unitary affiliates	10	
11.	Total credit available subject to limitations. Add lines 4 through 7, then subtract lines 8 through 10	11	

12.	Enter the Idaho income tax from your tax return			12	
13.	Credit for income tax paid to other states	13			
14.	Credit for contributions to Idaho educational entities	14			
15.	Investment tax credit. Include Form 49	15			
16.	Credit for contributions to Idaho youth and rehabilitation facilities	16			
17.	Credit for production equipment using post-consumer waste	17			
18.	Promoter-sponsored event credit	18			
19.	Credit for Idaho research activities from Form 67, line 29	19			
20.	Broadband equipment investment credit from Form 68, line 18	20			
21.	Reserved	21			
22.	Add lines 13 through 21			22	
23.	Tax available after other credits. Subtract line 22 from line 12	23			
24.	62.5% of tax. Multiply line 12 by 62.5%	24			
25.	Credit allowable subject to limitation of tax. Enter the smaller of: a. the amount from line 11, or b. $750,000	25			
26.	Total credit allowed on current year tax return. Enter the smaller amount from lines 23, 24, or 25 here and on Form 44, Part I, line 6			26	

Credit Carryover

27.	Total credit available subject to limitations. Enter the amount from line 11	27	
28.	Credit allowed. Enter the amount from line 26.	28	
29.	Credit carryover to future years. Subtract line 28 from line 27. Enter the amount here and on Form 44, Part I, line 6	29	

IDAHO State Tax Commission

Form 83 — Instructions
Small Employer Investment Tax Credit

2022

General Instructions

Use Form 83 to calculate the Idaho small employer investment tax credit (SE-ITC) earned or allowed. Each member of a unitary group of corporations that earns or is allowed the credit must complete a separate Form 83.

The SE-ITC is allowed for property that qualifies for the 3% investment tax credit (ITC). If you're claiming the SE-ITC, you can't claim the ITC on the same property.

Qualifying Taxpayers

To qualify for the SE-ITC, you must certify by filing Form 89SE that you'll 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've 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-ITC, you may be eligible to claim the ITC. See Idaho Form 49.

Qualifying Property

If you're a qualifying taxpayer, property that would qualify for the ITC qualifies for the SE-ITC. The property doesn't have to be located at the project site to qualify. However, it does have to be placed in service during the project period.

Property that qualifies for the ITC generally follows the definition of qualified property found in the Internal Revenue Code (IRC), Sections 46 and 48 as in effect before 1986. The property must have a useful life of three years or more and be property you're allowed to depreciate or amortize. Qualifying property includes the following property used in a trade or business:

- Tangible personal property – machinery and equipment
- Other tangible property – property used as an integral part of manufacturing, production, extraction, or furnishing transportation, communications, or utility services, or research facilities and bulk storage facilities used in connection with those businesses
- Elevators and escalators
- Single-purpose agricultural or horticultural structures
- Qualified timber property
- Petroleum storage facilities
- Qualified broadband equipment as approved by the Idaho Public Utilities Commission

Nonqualifying Property

Property that doesn't qualify includes:

- Buildings and their structural components (this property may qualify for the small employer real property improvement tax credit – see Idaho Form 84)
- Property used in lodging facilities that rent 50% or more of their lodging units for periods of 30 days or longer, such as apartment houses or rental homes. (This doesn't apply to hotels and motels that rent more than half their units for periods of less than 30 days.) Nonqualifying property includes property used in the living quarters, lobby furniture, office equipment, and laundry and swimming pool facilities, but excludes certain coin-operated machines.
- The cost of property expensed under IRC Section 179
- Used property not acquired by purchase
- Property that's either nondepreciable or has a useful life of less than three years
- The portion of property used for personal use
- Used property in excess of $150,000 (total of all properties)
- Horses

Idaho Exceptions to IRC Sections 46 and 48

Idaho law specifically excludes the following property from qualifying for the Idaho ITC:

- Property not used in Idaho
- Vehicles under 8,000 pounds gross vehicle weight

Property Used Both In and Outside of Idaho

If property is used both in and outside Idaho, compute the qualified investment for all property using one of the following methods:

1. Percentage-of-Use Method – Multiply the investment in each asset by a fraction where Idaho use is the numerator and total use is the denominator. Use can be measured by machine hours, mileage, or any other method that accurately reflects the use.
2. Property Factor Numerator Method – Use the amount included in the Idaho property numerator for each asset.

Carryover Periods

SE-ITC that was earned but not used against tax may be carried forward for 14 tax years. For purposes of the carryover period, a short tax year counts as one tax year.

Election to Claim Two-year Property Tax Exemption Instead of ITC

If you placed personal property in service that qualifies for the ITC, you may elect to exempt this property from your property tax. You aren't eligible for the election if your rate of charge or rate of return is regulated or limited by federal or state law. The exemption from the property tax is for two years. After the two years, you must pay any applicable property tax. You can't claim the SE-ITC for any property that you elect to exempt from property tax.

The election is available if you had negative Idaho taxable income in the second tax year before the tax year when the property was placed in service. Negative Idaho taxable income must have been computed without any carryover or carryback of net operating losses.

Make the election on Form 49E and file it with the operator's statement or personal property declaration. Include a copy of the election form with the original income tax returns for the tax years when the property was placed in service.

Recapture

Compute recapture if you sell or otherwise dispose of the property or it no longer qualifies for the SE-ITC before it's been in service for five full years.

Compute recapture if you claimed the SE-ITC in an earlier year and didn't meet the tax incentive criteria you certified to on Idaho Form 89SE.

File Form 83R if you claimed the SE-ITC. File Form 49R if you claimed the ITC or Form 49ER if you claimed the property tax exemption.

Specific Instructions

Instructions are for lines not fully explained on the form.

Credit Available Subject to Limitation

Line 1. Include a list of all property you acquired and placed in service during the tax year that qualifies for the SE-ITC. List each item of property and its location, your basis in the item, whether the item is new or used, and the date placed in service. Don't include any property placed in service before the date the project period began.

Line 2. Enter the amount of qualified investments for which you claimed the property tax exemption. This exemption is allowed instead of earning the SE-ITC. Include applicable Forms 49E.

Line 5. Enter the amount of the SE-ITC that's being passed through by S corporations, partnerships, trusts, or estates in which you have an interest. This amount is reported on Form ID K-1, Part VII, line 47 or Form ID K-1, Part XI, line 70 (ABE).

Line 6. If you're a member of a unitary group, enter the amount of credit you received from another member of the unitary group.

Line 7. Enter the carryover computed on your 2021 Form 83, line 29.

Line 9. If you're an S corporation, partnership, trust, or estate, enter the amount of credit that passed through to shareholders, partners, or beneficiaries.

Line 10. If you're 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-ITC must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify the shared credit and the computation of any credit carryovers.

Credit Limitations

The SE-ITC is limited to the smaller of $750,000, 62.5% of the tax liability, or the Idaho income tax after allowing all other tax credits that can be claimed before the SE-ITC.

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

1. Credit for income 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 post-consumer waste

6. Promoter-sponsored event credit
7. Credit for Idaho research activities
8. Broadband equipment investment credit

Line 12. Enter the amount of your Idaho income tax. This is the computed tax before subtracting any credits or adding the permanent building fund tax or any other taxes.

Line 13. Enter the credit for income tax paid to other states from Form 39R, Form 39NR, or Form 66. This credit is available only to individuals, trusts, or estates.

Line 26. Enter the smallest amount from lines 23, 24, or 25 on line 26. Enter this amount on Form 44, Part I, line 6 in the Credit Allowed column.

Credit Carryover

Line 29. The amount of credit available that exceeds the total credit allowed on the current year tax return can be carried forward up to 14 tax years. Enter this amount on Form 44, Part I, line 6 in the Carryover column.