

NC-478A - Creating New Jobs

Subject to the exceptions provided in G.S. 105-129.2A(a1), (a2), (a3) and (a4), the credit for creating new jobs expired for taxable years beginning on or after January 1, 2007. However, if you qualified for the credit under the exceptions, you must compute the credit amount for jobs created in 2008 on a separate schedule.

In addition, if you conducted an activity that qualifies for the creating new jobs credit under Article 3A, you may not take any credits under Article 3J with respect to the same establishment for activities occurring in 2008.

The following instructions for completing Part 2 and Part 3 of the NC-478A apply to taxpayers that continue to take installments of the credit and any carryforward of prior years' installments.

Part 2. Computation of Amount To Be Taken in 2008. *(The information requested for Part 2 is a cumulative total for all establishments and should be entered only once on the last NC-478A filed.)*

- Line 1.** Enter the 2007 installment amount.
(From 2007 NC-478A, Part 2, Line 6.)
- Line 2.** Enter the 2006 installment amount.
(From 2006 NC-478A, Part 2, Line 6.)
- Line 3.** Enter the 2005 installment amount.
(From 2005 NC-478A, Part 2, Line 6.)
- Line 4.** Enter the 2004 installment amount.
(From 2004 NC-478A, Part 2, Line 6.)
- Line 5.** Enter the portion of installment amounts not taken for tax years 1999 through 2006.
- Line 6.** Add Lines 1 through 5. **This is the amount of credit to take in 2008 for creating jobs.** *(Carry amount to Line 1a of NC-478.)*

Part 3. Jobs Credit History Table. *(The information requested for Part 3 is a cumulative total for all establishments and should be entered only once on the last NC-478A filed. The installment portion of Credit History Table can not be completed in its entirety until after completing Part 3 of NC-478.)*

Highest Number of Full-time Employees in North Carolina During Year In the 2007 column, enter the highest number of full-time employees in North Carolina during tax year 2007. In the 2004 through 2006 columns, enter the number of full-time employees in North Carolina for each year as previously reported on NC-478A.

Credit Amount In the 2007 column, enter the credit amount for all jobs created in tax year 2007. In the 2004 through 2006 columns, enter the credit amount as calculated on the prior years' NC-478A.

Installments In the 2004 through 2006 columns, enter the amount of installment actually taken in each tax year. The amount of installment taken includes the amount of each year's installment utilized during that tax year plus any unused portion of a prior year's installment taken in that tax year. *(For more information on the Credit History Table, see the detailed example.)*

Carryforwards Taken If any portion of a prior year's installment is taken in tax year 2008, enter the amount in the applicable column. **(Important.** *Carryforwards taken do not include the amount of current year's installment taken. Carryforwards taken should only be entered if in 2008 a portion of a prior year's installment is utilized.)*

Carryforwards To Take In Future If the current year's installment is not fully utilized in tax year 2008, enter the amount not taken as a carryforward to take in the future. **(Important.** *Carryforwards to take in the future do not include eligible installments to be taken in future years. Carryforwards to take in the future should only be entered if in 2008 a portion of a current year's installment can not be utilized due to the 50% of tax limitation.)*

Expired Installments If an installment expires, enter the amount of expired credit in the applicable column. The credit for creating jobs expires if a taxpayer fails to meet the general eligibility requirements described previously, or if, in one of the four years in which an installment accrues, the number of full-time employees falls below the number of full-time employees required to maintain the credit. *(For a detailed example on how to calculate the amount of expired installment, see the "Guidelines for Article 3A Tax Credits" available from the Department's website.)*

Pass-through Entities. **S corporations claiming the credit for creating new jobs against income tax** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 2, Line 6 among the shareholders. Complete Parts 2 and 3 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 2, Line 5, include only the carryforwards for those nonresident shareholders on whose behalf a composite return is filed in both the prior year and the current year. **Partnerships** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 2, Line 6 among the partners. Complete Parts 2 and 3 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. On Part 2, Line 5, include only the carryforwards for those nonresident partners on whose behalf the partnership pays tax in both the prior year and the current year. **Trusts and estates** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 2, Line 6 among the fiduciary and the beneficiaries. Complete Parts 2 and 3 by including only the amount allocated to the fiduciary.