

NC-478J - Creating New Jobs

The credit for creating new jobs is based upon the development tier of the area in which new jobs are located and is taken in four equal installments beginning in the tax year following the year in which the jobs are created. Any unused portion of the credit may be carried forward for five succeeding years. In addition, to claim the credit for creating new jobs you must provide all the eligibility information requested on the Article 3J Supplement.

The following instructions for completing Part 1 through Part 3 of NC-478J apply to individuals, S corporations claiming the credit against franchise tax, and C corporations. Partnerships, S corporations claiming the credit against income tax, and other pass-through entities, see the specific instructions for pass-through entities located after the instructions for Part 3.

Part 1. Computation of Credit for Jobs Created in 2013. *(The information requested for Part 1 is for a single county at which jobs were created during tax year 2013. If jobs were created at more than one county in 2013, complete a separate NC-478J for each county.)*

Line 1. Enter the county at which new jobs were created.

Line 2. Enter the average number of full-time employees in North Carolina during 2013. The average number of full-time employees is determined by dividing the number of full-time employees on the last day of each month by 12. A taxpayer creates a new full-time job if the taxpayer has an additional full-time employee in North Carolina at the end of the current tax year compared to the end of the previous tax year. A full-time job is a position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year. **(Note.** *The information requested on Part 1, Line 2 is the average number of additional full-time employees in North Carolina during the tax year and will be the same number on all NC-478Js filed for tax year 2013.*)

Line 3. Enter the average number of full-time employees in North Carolina during 2012. The average number of full-time employees is determined by dividing the number of full-time employees on the last day of each month by 12. **(Note.** *The information requested on Part 1, Line 3 is the average number of full-time employees in North Carolina during 2012 and will be the same number on all NC-478Js filed for tax year 2013.*)

Line 4. Subtract Line 3 from Line 2. This is the maximum number of new jobs in North Carolina eligible for credit in 2013.

Line 5. Enter the number of new jobs included in Line 4 located in this county but **NOT** in an agrarian growth zone, urban progress zone, or port enhancement zone.

Line 6. Enter the threshold amount for the applicable tier:

Tier 1	Tier 2	Tier 3
5	10	15

Line 7. Compare the number of new jobs from Line 5 with the tier threshold in Line 6. If the number of jobs on Line 5 is less than the tier threshold on Line 6 go to Line 9. If the number of jobs from Line 5 is greater than the threshold on Line 6 enter the number of jobs from Line 5.

Line 8. Multiply Line 7 by the credit amount for the applicable tier. This is the amount of credit for each new job created in this county not located in an agrarian growth zone, urban progress zone, or

port enhancement zone.

Tier 1	Tier 2	Tier 3
\$12,500	\$5,000	\$750

Line 9. Enter the number of new jobs included in Line 4 located in this county **AND** in an agrarian growth zone, urban progress zone, or port enhancement zone.

Line 10. The tier threshold for an agrarian growth zone, urban progress zone, or port enhancement zone is 5.

Line 11. Compare the number of new jobs from Line 9 with the tier threshold in Line 10. If the number of jobs on Line 9 is less than the tier threshold on Line 10, go to Line 16. If the number of jobs from Line 9 is greater than the threshold on Line 10, enter the number of jobs from Line 9.

Line 12. Multiply Line 11 by the credit amount for the applicable tier. This is the amount of credit for each new job created in this county **AND** located in an agrarian growth zone, urban progress zone, or port enhancement zone.

Tier 1	Tier 2	Tier 3
\$13,500	\$6,000	\$1,750

Line 13. Enter the total number of new jobs included in Line 9 that are filled by residents of an agrarian growth zone, urban progress zone, or port enhancement zone or by individuals who were unemployed for at least 26 consecutive weeks prior to being hired.

Line 14. Multiply Line 13 by \$2,000.

Line 15. Add Line 12 and Line 14. This is the amount of credit for creating jobs located in an agrarian growth zone, urban progress zone, or port enhancement zone in 2013.

Line 16. Add Line 8 and Line 15. **This is the total credit for new jobs created in this county in 2013.** The total credit amount for creating jobs in 2013 for **ALL** counties must also be entered in the Credit History Table. *(See Part 3, 2013 Column, Credit Amount)*

Line 17. Divide Line 16 by the number 4. This is the amount of each installment for this county to be taken starting in tax year 2014.

Part 2. Computation of Amount To Be Taken in 2013. *(The information requested for Part 2 is a cumulative total for all counties and should be entered only once on the last NC-478J filed.)*

Line 18. Enter the 2012 installment amount.
(From 2012 NC-478J, Part 1, Line 17)

Line 19. Enter the 2011 installment amount.
(From 2011 NC-478J, Part 1, Line 17)

Line 20. Enter the 2010 installment amount.
(From 2010 NC-478J, Part 1, Line 17)

Line 21. Enter the 2009 installment amount.
(From 2009 NC-478J, Part 1, Line 17)

Line 22. Enter the portion of installment amounts not taken for tax years 2008 - 2011.

Line 23. Add Lines 18 through 22. **This is the amount of credit**

to take in 2013 for creating jobs. (Carry amount to Line 1b of NC-478)

Part 3. Jobs Credit History Table. The purpose of the Credit History Table is to provide a means for taxpayers to track both the credit amount available for each tax year and the actual credit taken as an installment. By using the Credit History Table, taxpayers can verify that the amount of credit taken for each installment does not exceed the amount of credit actually available to the taxpayer. The table also provides a means for tracking any unused portion of an installment that can be carried to future years or has expired. (**Note.** *The installment portion of the Credit History Table can not be completed in its entirety until after completing Part 3 of NC-478.*)

Credit Amount In the 2013 column, enter the total credit amount for creating jobs in tax year 2013. (*Add Part 1, Line 16 for all counties*) In the 2009 through 2012 columns, enter the total credit amount as calculated on the prior year's NC-478J.

Installments In the 2009 through 2013 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 the tax year plus any unused portion of a prior year's carryforward taken in that tax year.

Carryforwards Taken If any portion of a prior year's installment is taken in tax year 2013, 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 2013 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 2013, 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 2013 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. Generally, a credit for creating jobs expires if a job is no longer filled prior to the end of the four-year period in which the credit is claimed. (*For a detailed example on how to calculate the amount of expired installment, see the "Guidelines for Article 3J Tax Credits" available from the Department's website.*)

Pass-through Entities. **S corporations claiming the credit against income tax** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 1, Line 17 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. **Partnerships** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 1, Line 17 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. **Trusts and estates** complete Parts 1 through 3 as one taxpayer, then allocate the amount from Part 1, Line 17 among the fiduciary and the beneficiaries. Complete Parts 2 and 3 by including only the amount allocated to the fiduciary.