

NC-478A - Creating New Jobs

The credit for creating new jobs expired for taxable years beginning on or after January 1, 2007. However, if you signed a letter of commitment with the Department of Commerce on or before December 31, 2006 stating your intent to create new jobs in this State, the credit is repealed for business activities that occur in taxable years beginning on or after January 1, 2008.

If you have a letter of commitment and you conduct 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 2007.

The following instructions for completing Part 1 through Part 3 of NC-478A apply to taxpayers that have a signed letter of commitment. Taxpayers who do not have a letter of commitment may continue to take installments of the credit and any carryforward of prior years' installments by completing Parts 4 and 5.

Part 1. Qualifying Information. *(The information requested in Part 1 is for a single establishment at which jobs were created during tax year 2007. If jobs were created at more than one establishment, complete a separate NC-478A for each establishment.)*

To be eligible for the credit for creating new jobs, a taxpayer must be one of the eligible business types. In addition, taxpayers must meet all of the following conditions:

1. Meet the general eligibility requirements.
2. Have five or more full-time employees.
3. Hire an additional full-time employee during the year to fill a position located in this State.

Name, Address, and County of Establishment at which Credit is Generated. Enter the name, address, county, and NAICS Code for each establishment in which jobs are created. If the establishment is located in a tier three, four, or five area and not in a development zone or an agrarian growth zone, a wage standard test must also be satisfied. The wage standard test for creating new jobs is a two-part test. The first test requires the combined average weekly wage of the jobs for which the credit is claimed to meet the wage standard. The second test requires the combined average weekly wage of all jobs at the location with respect to which a credit is claimed to meet the wage standard. For more information about the wage standard test, see the "**Guidelines for Article 3A Tax Credits**" available from the Department's website.

Tier, Zone, and Health Insurance Information. The amount of credit allowed for creating new jobs is based upon the enterprise tier of the area in which new positions are located. The Department of Commerce publishes a list of the counties and their respective tier designations. For more information about enterprise tiers, go to the Department of Commerce's website, www.nccommerce.com, and click on "financial incentives/North Carolina County Tier Designations."

Within each tier, there may be designated "development zones" or "agrarian growth zones." Development zones and agrarian growth zones recognize defined areas of economic need within a tier. The credit for creating jobs is increased by \$4,000 per job for jobs created in development zones and agrarian growth zones. (See Part 2, Line 3.)

Taxpayers must provide health insurance for the jobs for which the jobs credit is claimed. The insurance must be provided at the time the jobs are created and must be maintained to claim an

installment or carryforward of the credit. Taxpayers must provide with the tax return a certification that health insurance is provided. This applies to the return on which a taxpayer qualifies for the credit, claims an installment of the credit, or utilizes a carryforward of the credit.

Part 2. Computation of Credit Amount for Jobs Created in 2007 with Signed Letter of Commitment. *(The information requested in Part 2 is for a single establishment at which jobs were created during tax year 2007. If jobs were created at more than one establishment in 2007, complete a separate Form NC-478A for each establishment.)*

Line 1. Enter the total number of additional full-time employees in North Carolina in 2007. 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 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 2, Line 1 is the total number of additional full-time employees in North Carolina during the tax year and will be the same number on all NC-478As filed for tax year 2007.*)

Line 2. Enter the number of positions included in Line 1 that are located at this establishment. A job is located at an establishment if more than fifty percent of the employee's duties are performed at the establishment.

Line 3. If this establishment is in a development zone or agrarian growth zone, enter the applicable credit amount from the following table:

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
\$16,500	\$8,000	\$7,000	\$5,000	\$4,500

Line 4. If this establishment is **NOT** in a development zone or agrarian growth zone, enter the applicable credit amount from the following table:

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
\$12,500	\$4,000	\$3,000	\$1,000	\$500

Line 5. Multiply Line 2 by Line 3 or Line 4, whichever is applicable. **This is the amount of credit for creating jobs at this establishment in 2007.** The total credit amount for creating jobs in 2007 for **ALL** establishments must also be entered in the Credit History Table. (See Part 5, 2007 Column, Credit Amount.)

Line 6. Divide Line 5 by the number 4. This is the amount of each installment for this establishment to be taken starting in tax year 2008.

Part 3. Information on Additional Full-Time Employees. *(The information requested in Part 3 is for a single establishment at which jobs were created during tax year 2007. If jobs were created at more than one establishment, complete a separate NC-478A for each establishment.)*

Enter the name of each new employee, SSN, hire date, and number of hours worked during tax year 2007. If additional space is needed, attach additional pages using the format provided.

Part 4. Computation of Amount To Be Taken in 2007. (The information requested for Part 4 is a cumulative total for all establishments and should be entered only once on the last NC-478A filed.)

- Line 7.** Enter the 2006 installment amount.
(From 2006 NC-478A, Part 2, Line 6.)
- Line 8.** Enter the 2005 installment amount.
(From 2005 NC-478A, Part 2, Line 6.)
- Line 9.** Enter the 2004 installment amount.
(From 2004 NC-478A, Part 2, Line 6.)
- Line 10.** Enter the 2003 installment amount.
(From 2003 NC-478A, Part 2, Line 6.)
- Line 11.** Enter the portion of installment amounts not taken for tax years 1998 through 2005.
- Line 12.** Add Lines 7 through 11. **This is the amount of credit to take in 2007 for creating jobs.** (Carry amount to Line 1 of NC-478.)

Part 5. Jobs Credit History Table. (The information requested for Part 5 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 2003 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. (Add Part 2, Line 5 for all establishments.) In the 2003 through 2006 columns, enter the credit amount as calculated on the prior years' NC-478A.

Installments In the 2003 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 2007, 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 2007 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 2007, 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 2007 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 4 and 5 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 4, Line 11, 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 4 and 5 by including the amounts allocated to those nonresident partners on whose behalf the managing partner pays the tax. On Part 4, Line 11, 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 4 and 5 by including only the amount allocated to the fiduciary.