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 2007. *(The information requested in Part 1 is for a single county at which jobs were created during tax year 2007. If jobs were created at more than one county in 2007, 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 2007. 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 2007.)*

Line 3. Enter the average number of full-time employees in North Carolina during 2006. 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 2006 and will be the same number on all NC-478Js filed for tax year 2007.)*

Line 4. Subtract Line 3 from Line 2. This is the maximum number of new jobs in North Carolina eligible for credit in 2007.

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

Line 10. The tier threshold for an urban progress zone or agrarian growth 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 urban progress zone or agrarian growth 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 urban progress zone or an agrarian growth 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 urban progress zone or agrarian growth zone in 2007.

Line 16. Add Line 8 and Line 15. **This is the total credit for new jobs created in this county in 2007.** The total credit amount for creating jobs in 2007 for **ALL** counties must also be entered in the Credit History Table. *(See Part 3, 2007 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 2008.

Part 2. Computation of Amount To Be Taken in 2007. *(Not applicable. The first installment of this credit may not be taken until 2008.)*

Part 3. Jobs Credit History Table. In the 2007 column, enter the total credit amount for creating jobs in tax year 2007. *(Add Part 1, Line 16 for all counties)*

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.