

## Form NC-478A - Creating New Jobs

The credit for creating new jobs is based upon the enterprise 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.

The following instructions for completing Part 1 through Part 5 of Form NC-478A 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 5.

**Part 1. Business Information.** *(The information requested in Part 1 is for a single establishment at which jobs were created during tax year 2004. If jobs were created at more than one establishment, complete a separate Form 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 all 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.** 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, 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, Development 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](http://www.nccommerce.com), and click on “Financial Incentives/North Carolina county tier designations.”

Within each tier, there may be designated “development zones.” Development 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. *(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 Eligible Credit Amount for Jobs Created in 2004.** *(The information requested in Part 2 is for a single establishment at which jobs were created during tax year 2004. If jobs were created at more than one establishment in 2004, complete a separate Form NC-478A for each establishment.)*

**Line 1.** Enter the total number of additional full-time employees in North Carolina in 2004. 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 2004.)*

**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, 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, 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 eligible credit for creating jobs at this establishment in 2004.** The total eligible credit amount for creating jobs in 2004 for **ALL** establishments must also be entered in the Credit History Table. *(See Part 5, 2004 Column, Eligible Credit Amount.)*

**Line 6.** Divide Line 5 by the number 4. This is the eligible installment amount for this establishment to be taken starting in tax year 2005.

**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 2004. If jobs were created at more than one establishment, complete a separate Form NC-478A for each establishment.)*

Enter the name of each new employee, SSN, date of hire, and number of hours worked during tax year 2004. If additional space is needed, attach additional pages using the format provided.

**Part 4. Computation of Amount Eligible To Be Taken in 2004.** *(The information requested for Part 4 is a cumulative total for all establishments and should be entered only once on the last Form NC-478A filed.)*

**Line 7.** Enter the 2003 eligible installment amount. *(See 2003 Form NC-478A, Part 2, Line 6.)*

**Line 8.** Enter the 2002 eligible installment amount. *(See 2002 Form NC-478A, Part 2, Line 6.)*

**Line 9.** Enter the 2001 eligible installment amount. *(See 2001 Form NC-478A, Part 1, Line 7.)*

**Line 10.** Enter the 2000 eligible installment amount.  
(See 2000 Form NC-478A, Part 1, Line 7.)

**Line 11.** Enter the portion of eligible installment amounts not taken for tax years 1995 through 2002.

**Line 12.** Add Lines 7 through 11. **This is the amount of eligible credit available to take for creating jobs in 2004.** (Carry amount to Form NC-478, Line 1.)

**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 Form NC-478A filed. The installment portion of Credit History Table can not be completed in its entirety until after completing Part 3 of Form NC-478.)

**Highest Number of Full-time Employees in North Carolina During Year** In the 2004 column, enter the highest number of full-time employees in North Carolina during tax year 2004. In the 2000 through 2003 columns, enter the number of full-time employees in North Carolina for each year as previously reported on Form NC-478A.

**Eligible Credit Amount** In the 2004 column, enter the total eligible credit amount for all jobs created in tax year 2004. (Add Part 2, Line 5 for all establishments.) In the 2000 through 2003 columns, enter the total eligible credit amount as calculated previously on the prior year's Form NC-478A.

**Installments Taken in 2004** In the 2000 through 2003 columns, enter the amount of credit actually taken in tax year 2004. The amount of credit taken includes the amount of current year's installment plus any portion of a prior year's carryforward utilized in 2004.

**Carryforwards Taken** If any portion of a prior year's installment is utilized in tax year 2004, enter the amount of carryforward taken 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 2004 a portion of a prior year's installment is utilized.)

**Carryforwards To Take In Future** If an installment is not fully utilized in tax year 2004, 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 2004 a portion of a current 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 expires if a taxpayer fails to meet the general eligibility requirements described on page 1, 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.