

Form NC-478D- Worker Training

The credit for worker training is not taken in installments, however, any unused portion of the credit may be carried forward for five succeeding years.

The following instructions for completing Part 1 through Part 3 of Form NC-478D 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 4.

Part 1. Business Information. *(The information requested in Part 1 is for a single establishment at which employees were trained in North Carolina during tax year 2004. If you trained workers at more than one establishment in 2004, complete a separate Form NC-478D for each establishment.)*

To be eligible for the credit for worker training, 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. Provide worker training for five or more eligible employees during tax year 2004.

Name, Address, and County of Establishment. Enter the name, address, county, and NAICS Code for each establishment at which workers are trained in tax year 2004.

Tier, Development Zone, and Health Insurance Information. The amount of credit allowed for worker training is based upon the enterprise tier where the positions are located. Enterprise tiers are designated by the Secretary of Commerce. The Department of Commerce publishes a list of the counties and their respective tier designations.

Within each tier, there may be designated "development zones." Development zones recognize defined areas of economic need within a tier. For purposes of computing the credit for worker training, development zone areas are considered tier 1 areas.

Taxpayers must provide health insurance for the jobs for which a worker training credit is claimed. The insurance must be maintained to claim a 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 or utilizes a carryforward of the credit.

Part 2. Computation of Credit for Worker Training Provided in 2004. *(The information requested in Part 2 is for a single establishment at which employees were trained in North Carolina during tax year 2004. If you trained workers at more than one establishment in 2004, complete a separate Form NC-478D for each establishment.)*

Line 1. Enter the total number of eligible employees trained in North Carolina during tax year 2004 in Tier 1 or in development zone locations. **(Note.** *For purposes of this credit, an eligible employee is defined as an employee who is in a full-time position classified as non-exempt under the Fair Labor Standards Act and who meets one or more of the following conditions: (1) the employee occupies a job for which the taxpayer is eligible to claim an installment of the credit for creating jobs, and (2) the employee is being trained to operate machinery and equipment for which the taxpayer is eligible to claim an installment of the credit for investing in machinery and equipment. A job is considered located in an area if more than 50% of the employee's duties are performed in the area.*)

Line 2. Multiply Line 1 by \$1000. This is the maximum credit for eligible employees trained at Tier 1 or development zone locations.

Line 3. Enter the amount of wages paid to eligible employees at tier 1 or development zone locations during training. **(Note.** *The maximum amount of wages per employee trained is \$1,000. Also, wages paid to an employee performing his or her job while being trained are not eligible for the credit. Example: Employee A receives wages of \$2,000 and Employee B receives wages of \$500 during training. Enter \$1,500 on Line 3.*)

Line 4. Enter the lesser amount of Line 2 or Line 3. **This is the amount of eligible credit for worker training at tier 1 or development zone locations at a single establishment in 2004.**

Line 5. Enter the total number of eligible employees trained in North Carolina during tax year 2004 in Tier 2, 3, 4, or 5 locations.

Line 6. Multiply Line 5 by \$500. This is the maximum credit for eligible employees trained at tier 2, 3, 4, or 5 locations.

Line 7. Enter the amount of wages paid to eligible employees at tier 2, 3, 4, or 5 locations during training. **(Note.** *The maximum amount of wages per employee trained is \$500. Also, wages paid to an employee performing his or her job while being trained are not eligible for the credit. Example: Employee A receives wages of \$2,000 and Employee B receives wages of \$500 during training. Enter \$1,000 on Line 3.*)

Line 8. Enter the lesser amount of Line 6 or Line 7. **This is the amount of eligible credit for worker training at tier 2, 3, 4, or 5 locations at a single establishment in 2004.**

Part 3. Information on Employees Trained. *(The information requested in Part 3 is for a single establishment at which employees were trained in 2004. If employees were trained at more than one establishment, complete a separate Form NC-478D for each establishment.)*

Enter the name of each employee trained, SSN, date of hire, and number of hours worked during 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-478D filed.)*

Line 9. Enter the 2004 eligible credit amount for worker training. *(From Part 2, Line 4, or Part 2, Line 8.)*

Line 10. Enter the portion of credit not taken for tax years 1999 through 2003.

Line 11. Add Lines 9 and 10. **This is the amount of eligible credit available to take for worker training in 2004.** *(Carry amount to Form NC-478, Line 4.)*

Pass-through entities. S corporations claiming the credit against income tax complete Parts 1 through 3 as one taxpayer. Allocate the total amounts from Part 2, Line 4 or Line 8 among the shareholders. Complete Part 4 by including the amounts allocated to those nonresident shareholders on whose behalf a composite return is being filed. On Part 4, Line 10, 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. Allocate the total amount from Part 2, Line 4 or Line 8 among the partners. Complete Part 4 by including the amounts calculated for those nonresident partners on whose behalf the managing partner pays the tax. On Part 4, Line 10, 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. Allocate the total amount from Part 2, Line 4 or Line 8 among the fiduciary and the beneficiaries. Complete Part 4 by including only the amount allocated to the fiduciary.