



For calendar year 2006 If FISCAL YEAR filer, enter beginning date _____, _____ and ending date _____, _____ and check here.

Name of Company	Virginia Account Number	Federal Employer Identification Number
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The clean fuel vehicle job creation tax credit (Section 58.1-439.1, Code of Virginia), provides a corporation income tax credit for the creation of full-time clean fuel vehicle jobs. The allowable credit is \$700 per qualifying job created for the first taxable year and the two succeeding taxable years, for a maximum "per job" credit of \$2,100. Unused credits may be carried forward for up to five years. **Corporations claiming this credit based on qualifying jobs cannot also claim the Major Business Facility Job Tax Credit, computed on Form 304.** In the case of a partnership or limited liability company, the credit will be allocated to the corporate partners or corporate members in proportion to their ownership or interest in the partnership or limited liability company; the credit is not distributed to individuals, estates or trusts.

Part I - Credit Qualification

1. Qualification based on business type:

Primary business in Virginia: NAICS _____ . Check the applicable box below.

- A. Manufacture of components for vehicles designed to operate on clean special fuel.
- B. Manufacture of components used to convert vehicles designed to be operated on gasoline or diesel fuel to operate on clean special fuel.
- C. Manufacture of vehicles designed to operate on clean special fuel.
- D. Conversion of vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel.

2. The primary work activity for each qualifying job is related directly to at least one or more of the following:

- A. Manufacture of major components of the energy storage, energy supply or engine, motor, and power train mechanisms unique to a vehicle fueled by clean special fuels; or
- B. Manufacture of components uniquely used to convert vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel; or
- C. Conversion of vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel; or
- D. Manufacture of vehicles designed to operate on clean special fuel.

3. For each job that the credit is claimed, ALL of the following must apply:

- A. The job was created by the corporation during the taxable year that the credit is claimed or was continued from the previous taxable year that the credit was claimed;
- B. The qualifying job must have been filled by an individual working at least forty hours per week during at least forty weeks during the taxable year; and
- C. Employment level in qualifying jobs in the taxable year that the credit is first claimed increased over the previous taxable year.

Part II - Credit Computation

4. This credit is claimed for clean fuel vehicle jobs created in the city/county of _____, Virginia.

5. Number of qualifying jobs: Complete Schedule A (Form 305), then enter the number of qualifying jobs from Schedule A, Part II (See instructions)

5a. Number of first time qualifying jobs for the current taxable year5a. _____

5b. Number of qualified jobs continued from the first preceding year5b. _____

5c. Number of qualified jobs continued from the second preceding year.....5c. _____

6. Clean fuel vehicle job creation tax credit: Multiply the total of Lines 5a, 5b and 5c by \$7006. _____

7. If claiming a credit distribution received from a pass-through entity, enter the credit amount (See instructions)7. _____

8. Carryover credit from prior year(s).....8. _____

9. Total credit accumulated this year: Add amounts on Lines 6, 7 and 89. _____

10. Total tax on tax return after priority credits (See instructions).....10. _____

11. Clean fuel vehicle job creation tax credit allowable this year: Enter the lesser of the amount on Line 9 or Line 10 here and on the applicable credit line of your Virginia income tax return11. _____

Part III - Carryover Of Clean Fuel Vehicle Job Creation Tax Credit

12. Excess credit carryover to 2007: If Line 9 is larger than Line 10, subtract Line 10 from Line 9. (This information will be used when computing the credit on your 2007 income tax return.) 12. _____

Schedule A
(Form 305 - 2006)

**List Of Qualifying Clean Fuel
Vehicle Jobs And Employees**



Attach to Form 305, Clean Fuel Vehicle Job Creation Tax Credit

If more space is needed, attach additional schedules or a list containing the information below. Page ____ of ____

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Complete Columns A through D for each employee, listing all qualifying employees performing jobs that qualify for the credit. This will be used when completing Form 305, Lines 5a, 5b and 5c. Complete a separate Schedule A for each location. See Part I on the front of Form 305 to determine whether a job qualifies as a full-time clean fuel vehicle job for purposes of this credit. Directions for completing Columns A through D follow

- Column A. Enter the company's tracking number (position number, job number, etc.) for the qualifying position. If this job has been held by more than one employee during the period in which the credit is computed for the current taxable year, attach a statement of explanation which includes the number of the other employee(s) holding this position.
- Column B. Enter the employee's name and social security number.
- Column C. Enter the date that qualifying employment began. If the employee leaves the qualifying job, whether through promotion, transfer or termination, enter the ending date in parenthesis.
- Column D. When completing Column D, enter only the number of full weeks worked by the employee during the taxable credit year.

If more space is needed, attach additional schedules or a list containing the information below.

PART I Identify Qualifying Employees And Jobs				
	Column A Position Number or Job Number	Column B Employee's Name and SSN	Column C Beginning Date of Qualifying Employment (Ending Date)	Column D No. Qualifying Full Weeks Employed During Taxable Year
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

PART II Compute The Number Of Qualifying Employees

- A. Enter the number of jobs above that qualify for the clean fuel vehicle job creation tax credit. Enter here and the applicable amounts on Form 305, Lines 5a, 5b and 5c _____

Schedule B Pass-Through Entity Identification

(Form 305 - 2006)

Attach to Form 305, Clean Fuel Vehicle Job Creation Tax Credit



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Complete this schedule to identify each owner of the pass-through entity to which a portion of this credit is distributed. *Attach a separate schedule or a list containing the information below if additional space is needed.* Distribution is to be based on each taxpayer's proportion of ownership or interest in the entity. While the pass-through entity may consist of both corporate and non-corporate members, the credit may only be claimed against **corporation** income tax. List all pass-through entities, regardless of credit qualification. For non-qualifying entities, enter "Non-qualifying" in Column A, then complete Columns D and E. Check the box below to indicate the type of entity which earned this credit.

Limited Liability Company Partnership S Corporation Other (Specify) _____

	Column A Name of Entity Owners	Column B FEIN	Column C Address	Column D Percentage	Column E Credit
1				%	
2				%	
3				%	
4				%	
5				%	
6				%	
7				%	
8				%	
9				%	
10				%	
11				%	
12				%	
13				%	
14				%	
15				%	
				Total	%

Instructions for Completing 2006 Form 305, Clean Fuel Vehicle Job Creation Tax Credit

- This credit may not be claimed if the corporation is claiming a major business facility job tax credit.
- The clean fuel vehicle job creation tax credit is a nonrefundable credit. However, any excess credit can be carried forward for up to five years.

Fiscal year filers: Complete this line only if your taxable year is NOT from JANUARY 1 to DECEMBER 31. You must use the same taxable period on your Virginia return as on your federal return.

Name, Account Number and Federal Employer Identification Number or Social Security Number: Enter the information for the taxpayer claiming this credit.

Skip to Line 7 if your only Clean Fuel Vehicle Job Creation tax credit is from a pass-through entity (partnership, S corporation, etc).

Lines 1 through 3: Complete Lines 1 through 3, providing the NAIC code and checking the applicable boxes, to show qualification for the credit. Note that in contrast to Lines 1 and 2, all of the qualifications on Line 3 must be met in order to qualify for the credit.

Line 4: Enter the name of the city or county in Virginia in which the clean fuel vehicle job(s) was created.

Line 5: Number of qualifying jobs: Complete Schedule A, then enter the number of qualifying jobs on Line 5a, 5b, and 5c. Printouts containing the same information may be substituted for Schedule A.

NOTE: If a clean fuel vehicle job does not qualify for this credit solely because less than forty weeks remained in the taxable year after it was created and filled, the credit may still be claimed. However, the forty week requirement must be met in the next taxable year or the credit must be recaptured through the filing of an amended return. This treatment will also apply for the next two subsequent taxable years involving that job.

Line 6: Multiply the total of Lines 5a, 5b and 5c by \$700.

Line 7: Complete this line if claiming a current year clean-fuel vehicle job tax credit distributed to you from another entity. *See the instructions for Schedule B in the next column for additional information concerning pass-through entities.*

Line 8: Enter the carryover credit from the prior year.

Line 9: Add amounts on Lines 6, 7 and 8.

Line 10: Total tax on return after priority credits: In general, claim priority credits in the following order:

- claim nonrefundable credits without a carryforward provision (such as the coal cogeneration credit);
- claim carryover credits from prior years (carryover credits should be claimed in order of expiration);

- claim current year credits in the order of their carryover provisions; and
- report any unused credits as carryovers for succeeding taxable years to the extent allowed.

Line 11: Clean fuel vehicle job tax credit allowable this year: Enter the lesser of the amount on Line 9 or Line 10 here and on the applicable credit line of your Virginia income tax return.

Line 12: Excess credit carryover to 2007. If the amount on Line 9 is larger than the amount on Line 10, subtract the amount on Line 10 from the amount on Line 9.

Schedule B (Form 305)

Pass-through Entity Identification

If distributing all or a portion of this credit, complete Schedule B to identify all pass-through entities and each taxpayer to whom a portion of the credit is distributed. Note that this credit may only be used to offset corporation income tax. Attach a separate schedule if additional space is needed. Printouts containing the same information may be substituted for Schedule B.

Schedule B should contain the name, Federal identification number (FEIN), Virginia account number (if known), address and amount of credit for each qualifying pass-through entity and the total percentage and credit not distributed to non-qualifying entities such as individuals. The total credit in Column E should be the current year credit amount from Form 305, Line 6, page 1.

Each corporate taxpayer in Col. A must receive a copy of the pass-through entity's Form 305 or a statement that identifies the taxpayer earning the credit (name, address, and state and federal identification numbers), and provides all information set forth on Form 305. Each taxpayer receiving a distribution will enter the amount received on its own Form 305, Line 7. Note that this credit is only applicable as a credit against the Virginia corporation income tax.

Where To Get Help

For additional information, write the Virginia Department of Taxation, P. O. Box 5126, Richmond, VA 23220-0126 or call (804) 367-8037.

Tenemos servicios disponible en Español.

To order forms, call **(804) 440-2541**. If you have access to the internet, you can obtain most Virginia income tax forms and additional tax information by visiting our web page: **www.tax.virginia.gov**.

Forms are also available from the office of your local Commissioner of the Revenue, Director of Finance or Director of Tax Administration.