

**Virginia  
Form 306D**

**Coalfield Employment Enhancement Tax Credit  
Tax Designation and Credit Calculation**

**Taxable Year  
2023**

*See the Instructions before completing this form.*

Fiscal Year Filers: Enter beginning date \_\_\_\_\_, 2023, and ending date \_\_\_\_\_, \_\_\_\_\_ and check here.

Name	FEIN or SSN
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**Purpose of Form 306D**

- 1) To list each state tax which the Coalfield Employment Enhancement Tax Credit will be used to offset, and
- 2) To calculate the amount of the Coalfield Employment Enhancement Tax Credit that will be allowed on your 2023 income tax return.

The Coalfield Employment Enhancement Tax Credit earned and reported on the **2020 Form 306** is allowable as a credit on the **2023 income tax return**. You must have earned and reported the credit on your **2020 income tax return** in order to claim the credit on your **2023 income tax return**.

**NOTE:** The Coalfield Employment Enhancement Tax Credit has expired for taxable years beginning on or after January 1, 2023. Only credits reported in prior years may be used to offset tax amounts in the current taxable year.

**Part I – Credit Designation**

Enclose a copy of the document(s) verifying payment of each amount claimed in the current taxable year. Do not include local taxes; taxes incurred by your customers; prior year taxes; or addition to tax, penalty, or interest paid. If you are using the Coalfield Employment Enhancement Tax Credit to offset more than 5 taxes, include additional pages and enter the total from all pages on Line 7 below.

<b>Section 1 – Tax Payment Details</b>			
<b>1.</b>	A) Name of Taxpayer Under Which 2023 Payment(s) Were Made	B) FEIN / SSN	F) Tax Paid in Current Tax Year
	C) Type of State Tax Paid	D) State Agency Administering Tax	<b>.00</b>
<b>2.</b>	A) Name of Taxpayer Under Which 2023 Payment(s) Were Made	B) FEIN / SSN	F) Tax Paid in Current Tax Year
	C) Type of State Tax Paid	D) State Agency Administering Tax	<b>.00</b>
<b>3.</b>	A) Name of Taxpayer Under Which 2023 Payment(s) Were Made	B) FEIN / SSN	F) Tax Paid in Current Tax Year
	C) Type of State Tax Paid	D) State Agency Administering Tax	<b>.00</b>
<b>4.</b>	A) Name of Taxpayer Under Which 2023 Payment(s) Were Made	B) FEIN / SSN	F) Tax Paid in Current Tax Year
	C) Type of State Tax Paid	D) State Agency Administering Tax	<b>.00</b>
<b>5.</b>	A) Name of Taxpayer Under Which 2023 Payment(s) Were Made	B) FEIN / SSN	F) Tax Paid in Current Tax Year
	C) Type of State Tax Paid	D) State Agency Administering Tax	<b>.00</b>
<b>Section 2 – Tax Calculation</b>			
<b>6.</b>	Add Lines 1-5 above and enter the total tax paid in current taxable year. . . . .		<b>.00</b>
<b>7.</b>	Enter the total tax paid in current taxable year from all additional pages (if applicable). . . . .		<b>.00</b>
<b>8.</b>	<b>Total eligible tax payments.</b> Add Lines 6 and 7 and enter here. Also enter this amount in Part II, Section 1, Line 2 . . . . .		<b>.00</b>

Name	FEIN or SSN
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Part II – Credit Calculation		
Section 1 – Summary		
1.	Enter 100% of the Coalfield Employment Enhancement Tax Credit from the 2020 Form 306, Line 11 . . . . .	.00
2.	Enter the total eligible tax payments from Part I, Section 2, Line 8. . . . .	.00
Section 2 – Full Credit Calculation		
3.	<p>a. If the amount on Line 1 is greater than the amount on Line 2, enter the amount from Line 2 here, then continue to Line 4 below to calculate the excess credit . . . . .</p> <p>b. If the amount on Line 1 is less than the amount on Line 2, enter the amount on Line 1 here and stop. This is the <b>total allowable credit</b> you may use on your income tax return . . . . .</p>	.00
Section 3 – Excess Credit Calculation		
4.	Subtract Line 3 from Line 1 . . . . .	.00
5.	<b>Allowable excess credit.</b> Multiply the amount on Line 4 by 85% (0.85) . . . . .	.00
6.	Multiply the amount on Line 5 by 15% (0.15). This amount is deposited into a fund administered by the Virginia Coalfield Economic Development Authority. . . . .	.00

**Part III – Declaration and Signature**

*I (we) the undersigned declare, under the penalties provided by law, that this form (including any accompanying schedules, statements, and attachments) has been examined by me (us) and is, to the best of my (our) knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the income tax laws of the Commonwealth of Virginia. If a person other than the taxpayer prepares this application, such declaration is based on all information of which they have knowledge.*

Authorized Signature	Title	Date
Printed Name	Phone Number	
Email Address	Fax Number	

**NOTE:** By providing an email address on the form the taxpayer consents to allow emailed communications from the Virginia Department of Taxation related to this tax credit application. If the taxpayer does not wish to receive electronic communications, do not enter an email address in the space provided on the form.

**Instructions for 2023 Form 306D  
Coalfield Employment Enhancement Tax Credit  
Tax Designation and Credit Calculation**

**General Information**

**Coalfield Employment Enhancement Tax Credit**

Effective for taxable years on and after January 1, 2022, the Coalfield Employment Enhancement Tax Credit has expired. No new credits can be earned, however, credits earned in prior years can be claimed based on the Credit Redemption Schedule below. If the amount of the credit exceeds your income tax liability for a year in which you redeem credits, the excess credit will be applied to other taxes imposed by the Commonwealth of Virginia. The Department of Taxation will redeem any remaining credit as follows: 85% will be refunded directly to the taxpayer and the remaining 15% will be deposited in a regional economic development fund administered by the Virginia Coalfield Economic Development Authority.

**Credit Redemption Schedule**

<b>Taxable Year Earned</b>	<b>Taxable Year to Claim</b>
2020	2023
2021	2024

**Virginia Coal Employment and Production Incentive Tax Credit**

Effective for taxable years beginning on or after January 1, 2022, the Virginia Coal Employment and Production Incentive Tax Credit has expired. No new credits can be earned after this date, however electricity generators that originally earned the credit may carry forward amounts of credit for up to 10 taxable years or until the full amount is used, whichever is sooner. Effective for credits earned on or after July 1, 2016, but before January 1, 2022, persons with an economic interest in coal that receive an allocation of credits may no longer receive refunds of such credits and may not carry forward unused amounts of credits for use in future taxable years.

Effective for taxable years beginning on and after January 1, 2022, a taxpayer claiming carryover credits on a return may not claim more than \$1 million in credits for a single taxable year. No taxpayer may amend a return for a taxable year beginning before January 1, 2022, to claim more credits than the amount included on such return before amending it. Persons with an economic interest in coal that receive a transfer of credits may not receive refunds of credits and may not carry forward unused amounts of credits for use in future taxable years. For additional information regarding the application of carryover credits, see the Schedule 500CR Instructions.

**Line Instructions**

**Use Form 306D to:**

- 1) list each state tax which the Coalfield Employment Enhancement Tax Credit will be used to offset, and
- 2) calculate the amount of Coalfield Employment Enhancement Tax Credit that will be allowed on your income tax return.

**Part I – Credit Designation**

**Section 1 – Tax Payment Details**

**General Instructions for Section 1**

List each qualifying current year state tax paid to the Virginia Department of Taxation or any other state agency during the taxable year on Lines 1-5. Taxes paid to federal or local government agencies do not qualify.

Qualifying state taxes are those incurred and paid by you. Examples of qualifying taxes paid to the Virginia Department of Taxation are the corporate income tax, tire tax, and retail sales tax (to the extent that the sales tax was paid for nonexempt purchases for use by you). Taxes which are merely collected, held in trust, and then remitted to the Department of Taxation do not qualify for this credit. Examples of non-qualifying taxes include employer withholding tax and retail sales tax paid by your customers. In addition, this credit may not include any addition to tax (computed on Forms 760C, 760F, or 500C), penalty, interest, or prior year taxes.

The credits must first be applied against the income tax shown on your income tax return and then against all other taxes imposed by the Commonwealth of Virginia that were incurred and paid by you during the taxable year.

When completing Lines 1-5, enter the tax shown on your income tax return, less any other tax credits claimed which have a higher priority. As a general rule, credits are claimed in the order in which they provide the best tax advantage. For example, credits without carryover provisions are generally claimed before credits with carryover provisions.

**Line Instructions for Completing Section 1**

**Line A) Name of Taxpayer Under Which 2023 Payment(s) Were Made**

Enter the taxpayer name under which the tax was paid. For example, if the tax was paid to the Virginia Department of Taxation, enter your name used when making the payment. If credit is claimed for a pass-through distribution from a partnership, limited liability company, or subchapter S corporation, enter the name shown on the statement from that entity.

## Line B) FEIN / SSN

Enter the taxpayer account number under which the tax was paid.

## Line C) Type of State Tax Paid

Enter the name of the state tax for which credit is claimed for tax paid. For example: "corporation income tax."

## Line D) State Agency Administering Tax

Enter the name of the state agency to which the tax was paid.

## Line E) Date(s) Paid and Tax Period:

Enter the date that the payment was made and the taxable period for which the payment was applied. For example, if claiming credit for a use tax payment made on April 15, 2023, for the period January through March, enter "1st quarter use tax paid April 15, 2023." If additional space is required, use additional page(s).

## Line F) Tax Paid in Current Taxable Year

Enter the amount of tax that was reported in the "Date(s) Paid and Tax Period" field.

## Section 2 – Tax Calculation

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### Line 6

Add the amounts reported in Section 1, Lines 1-5.

### Line 7

If you are reporting more than 5 taxes, enclose additional pages that include the information collected on Lines 1-5. Add the total of all additional pages and enter that amount here.

### Line 8

Add Lines 6 and 7. This is the total tax liability that the credit will offset.

## Part II – Credit Calculation

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*Any lines not mentioned below are self-explanatory.*

## Section 1 – Summary

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### Line 1

**100% Credit:** Refer to your 2020 Form 306 and enter the amount reported on Line 11. This is the credit you can use to offset tax(es) in the 2023 taxable year. Transfer this amount to Schedule CR, Section 3, Part 1, Line A (individuals) or Schedule 500CR, Section 3, Part 1, Line A (corporations).

### Line 2

**Total Tax Liability:** Enter the total eligible tax payments reported in Part I, Section 2, Line 8. This is your total tax liability for the taxable year in which the credit will be claimed.

## Section 2 – Full Credit Calculation

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### Line 3

Compare the amounts on Lines 1 and 2 above.

- **If Line 1 is greater than Line 2**, enter the total tax payments from Line 2. You are eligible to claim the excess tax credit. Continue to Section 3, Line 4 to calculate the refundable portion of the tax credit.
- **If Line 1 is less than Line 2**, enter the amount from Line 1 and stop here. This is the total credit you can claim for the taxable year. Transfer this amount to Schedule CR, Section 3, Part 1, Line B (individuals) or Schedule 500CR, Section 3, Part 1, Line B (corporations).

## Section 3 – Excess Credit Calculation

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### Line 4

Subtract the amount in Section 2, Line 3 from the amount in Section 1, Line 1. This is the full amount of the excess credit.

### Line 5

Multiply the amount from Line 4 above by 85% (0.85). This is the excess credit that may be refunded to at 85% of face value. Transfer this amount to Schedule CR, Section 3, Part 1, Line C (individuals) or Schedule 500CR, Section 3, Part 1, Line C (corporations).

### Line 6

Multiply the amount on Line 5 by 15% (0.15). This amount is deposited into a regional economic development fund administered by the Virginia Coalfield Economic Development Authority.

## Information for Pass-Through Entities

Pass-through entities must provide their shareholders, partners or members with a copy of the entity's Form 306D to enclose with their returns. In addition, all pass-through entities distributing this credit to their owners, shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income And Virginia Modifications And Credits.

Each partnership or limited liability company distributing this credit must also send a copy of the same partner or member information directly to the **Virginia Department of Taxation, ATTN: Coalfield Employment Enhancement Tax Credit Distribution, P.O. Box 5126, Richmond, Virginia 23220-0126** within 60 days of making the distribution.

## Where to Get Help

For additional information, write to the **Virginia Department of Taxation, P.O. Box 5126, Richmond, VA 23220-0126** or call **(804) 367-8031 (individuals)** or **(804) 367-8037 (businesses)**. You can obtain most Virginia income tax forms and additional tax information by visiting **www.tax.virginia.gov**.