

# Form 304 Major Business Facility Taxable Year Job Tax Credit



A separate Form 304 must be completed for each major business facility or qualified job expansion.

Fiscal Year Filers: Begin Date \_\_\_\_\_, and End Date \_\_\_\_\_

Name of Company	FEIN or Social Security Number
Street Address	City, State, and ZIP Code

**Entity Type:** (Check One)  C Corporation  S Corporation  Partnership  LLC  Other \_\_\_\_\_

Have you applied for any other credit(s) this year? If yes, indicate which credits. \_\_\_\_\_

If you applied for a Green Job Creation Tax Credit, International Trade Facility Tax Credit, Coalfield Employment Enhancement Tax Credit, or Enterprise Zone Creation Grant for the same jobs - STOP - you do not qualify for the Major Business Facility Job Tax Credit.

**1a.** Enter the North American Industry Classification System (NAICS) Code for the company's primary business in Virginia \_\_\_\_\_

**1b.** Enter the Industry Description \_\_\_\_\_

**2a.**  Check here if two or more affiliated companies have aggregated the number of jobs that were created for purposes of qualifying for this credit, and enclose a separate schedule showing the name of each affiliated company, the Virginia Account Numbers, the Federal Employer Identification Numbers, the NAICS codes, and the voting percentages (as defined in Va. Code § 58.1-439(S)).

**2b. Qualifying Threshold**

Tier 1  100 (for expansions prior to January 1, 2010)  
 Tier 1  50 (for expansions on or after January 1, 2010)

**Economically Distressed Area/Enterprise Zone**

Tier 2  50 (for expansions prior to January 1, 2010)  
 Tier 2  25 (for expansions on or after January 1, 2010)

**2c.** This major business facility is located in the city / county of \_\_\_\_\_, Virginia.

Date facility established or expanded \_\_\_\_\_  This is a new facility.  This is an expanded facility.

Number of qualifying employees prior to first expansion \_\_\_\_\_ (See instructions)

**2d.** Date range from which the credit is based (minimum 24 months, maximum 35 months) \_\_\_\_\_

Expansion Period (12 months) \_\_\_\_\_ Credit Year \_\_\_\_\_

Filing Sequence  Credit Year  Year 2  Year 3  Year 4  Year 5  Year 6

You must include Schedule A and the Schedule A Worksheet for all filing years.

**2e.** Have you had an expansion before?  Yes or  No. If yes, what year \_\_\_\_\_ and number on Line 3a for that expansion \_\_\_\_\_?

**3. Number of Qualifying Employees** (See instructions):

If completing this form for the credit year (the first taxable year following the taxable year in which the major business facility was established or expanded), complete Schedules A and B, then enter the total on Line 3a.

For each of the 5 taxable years after the credit year, enter on **Line 3a** the number of qualifying employees for the credit year (this should be a constant number). For **Line 3b**, enter the overall number of qualifying employees, based on your quarterly filings with the Virginia Employment Commission for the current year. See the instructions for guidance on computing the amount on Line 3b. (If the number of qualifying employees in any of these 5 years is less than in the initial credit year, a credit recapture may be required on Line 8. See the instructions for Line 8 for additional information.)

<b>3a.</b> Number of qualifying employees in the credit year.	<b>3a.</b>	
<b>3b.</b> Overall number of qualifying employees in the current year for this expansion See Schedule A and Schedule A Worksheet.	<b>3b.</b>	
<b>3c.</b> If Line 3b is Less than Line 3a. Enclose a schedule showing the computation for recapture.	<b>3c.</b>	
<b>4.</b> Threshold amount – Enter the amount from 2b.	<b>4.</b>	
<b>5.</b> Number of credit year qualifying employees - Subtract Line 4 from Line 3a.	<b>5.</b>	
<b>6.</b> Total credit allowed for this major business facility or expansion - Multiply Line 5 by \$1,000.	<b>6.</b>	
<b>7.</b> Current year credit – Multiply Line 6 by 1/2.	<b>7.</b>	
<b>8.</b> Credit to be recaptured this year (if applicable).	<b>8.</b>	
<b>9.</b> Adjusted credit - Subtract Line 8 from Line 7 (if applicable)	<b>9.</b>	

**Declaration:** I, the undersigned officer or other person authorized to act on behalf of the business entity, have read and understand the limitations and restrictions set forth for this application and the associated tax credit.

Authorized Signature	Printed Name	Title	Date
Preparer Name	Preparer Email	Preparer Phone Number	

**Schedule A  
(Form 304)**

**List of Qualifying Full-Time Employees**

- Complete this schedule for each year (1-6) that Form 304 is filed.
- Enclose a list of all full-time and full-time equivalent employees that were used to qualify for this credit.
- List must be in the format shown in the sample below.
- No more than two part-time employees can be used as the equivalent of one full-time employee.

Two or more affiliated companies may elect to aggregate the number of jobs that were created for qualified full-time employees as the result of the establishment or expansion by the individual companies to qualify for this credit. "Affiliated companies" means two or more companies that are related to each other such that one company owns at least 80% of the voting power of the other (or others), or at least 80% of the voting power of two or more companies is owned by the same interests. For each month, enter the total number of qualifying full-time or equivalent full-time employees on Schedule B.

**Each qualifying full-time position must:**

- (a) be of indefinite duration, and have been created by the taxpayer as a result of the establishment or expansion of a major business facility in Virginia; **and**
- (b) require a minimum of 35 hours per week for the entire year (minimum of 48 weeks); **or**
- (c) require the employee to work a minimum of 35 hours per week for the portion of the taxable year in which the employee was initially hired for, or transferred to, the facility in Virginia.

Note that the hours of two qualifying part-time employees may be combined to qualify as one "equivalent" full-time employee. Seasonal or temporary positions, and jobs created when a job function is shifted from an existing location in Virginia to the new major business facility and positions in building and grounds maintenance, security and other such positions which are ancillary to the principal activities performed by the employees at a major business facility do not qualify.

"Qualified full-time employees" may include the employees of a contractor or a subcontractor if they are permanently assigned to the taxpayer's major business facility. The taxpayer must be able to provide evidence to the Department of a contractual agreement with the contractor or subcontractor prohibiting the contractor or subcontractor from also claiming these employees in order to receive a credit under this section.

In addition to including your name as it appears on Form 304, your FEIN or Social Security Number, and the location of your major business facility or date of expansion, your list must include the following columns:

- Columns A - C:** Enter the Employee Name, Date of Hire, and Social Security Number of each qualifying employee. If you are claiming a qualifying employee of a contractor or an affiliated company (see the above paragraph), make a notation beside each such employee in Column A and enclose a separate schedule showing the corresponding affiliated company or contractor.
- Column D:** Enter the number of **full months** that the employee was employed in a qualifying position during the credit year.
- Column E:** Enter a brief position description or number for the qualifying employee.
- Column F:** *Part-time employee hours per week.* **\*Enter the number of hours worked per week by the qualifying part-time employee. No more than two qualifying part-time employees may be combined to qualify as an "equivalent" full-time employee.**

	<b>Column A</b> Employee Name (Use Additional Schedules as Necessary)	<b>Column B</b> Date of Hire	<b>Column C</b> Social Security Number	<b>Column D</b> Number of Full Months Employed During the Credit Year	<b>Column E</b> Brief Position Description/Number	<b>Column F</b> Part-Time Employee* (Number of Hours Per Week)
1						
2						
3						
4						
5						
6						
7						

**Enclose with Form 304, Major Business Facility Job Tax Credit**

# Form 304 Schedule A Worksheet

Taxable Year \_\_\_\_\_

Use to Calculate Line 3b of Form 304.

Complete the applicable sections for the current taxable year. There should be one line completed for each applicable section.

Name as it Appears on Form 304	FEIN or Social Security Number
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Number of employees prior to first expansion. For a new facility, enter 0. . . . .

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	A. Number of qualifying employees in the credit year. Enter on Form 304, Line 3a.	B. Number of qualifying employees added.	C. Number of qualifying employees terminated.	D. Net amount of qualifying employees. (Columns A + B - C)
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**SECTION 1 - FIRST EXPANSION**

Credit Year					
Year 1	Taxable Year 20 __ __				
Year 2	Taxable Year 20 __ __				
Year 3	Taxable Year 20 __ __				
Year 4	Taxable Year 20 __ __				
Year 5	Taxable Year 20 __ __				
Year 6	Taxable Year 20 __ __				

**SECTION 2 - SECOND EXPANSION [If applicable]**

Credit Year					
Year 1	Taxable Year 20 __ __				
Year 2	Taxable Year 20 __ __				
Year 3	Taxable Year 20 __ __				
Year 4	Taxable Year 20 __ __				
Year 5	Taxable Year 20 __ __				
Year 6	Taxable Year 20 __ __				

**SECTION 3 - THIRD EXPANSION [If applicable]**

Credit Year					
Year 1	Taxable Year 20 __ __				
Year 2	Taxable Year 20 __ __				
Year 3	Taxable Year 20 __ __				
Year 4	Taxable Year 20 __ __				
Year 5	Taxable Year 20 __ __				
Year 6	Taxable Year 20 __ __				

**Total of Column D. Enter on Form 304, Line 3b.**

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**Enclose with Form 304, Major Business Facility Job Tax Credit.**

**SCHEDULE B Qualifying Employees Schedule  
(Form 304)**



Name as it Appears on Form 304	FEIN or Social Security Number
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Starting with the first month of the taxable period for this return, enter the total number of qualifying full-time or equivalent full-time employees from Schedule A for each month. The instructions on Schedule A define qualifying full-time and equivalent full-time employees. The total number of qualifying employees for the taxable year will be computed on Line N below and transferred to Form 304, Line 3a. For additional information, see the instructions for Form 304, Line 3.

	Column A Number of Qualifying or Equivalent Full-Time Employees	Column B Number of Full Months Employed During the Credit Year	Column C Multiply Column A by Column B
A		12 months	
B		11 months	
C		10 months	
D		9 months	
E		8 months	
F		7 months	
G		6 months	
H		5 months	
I		4 months	
J		3 months	
K		2 months	
L		1 month	
M	Add amounts in Column C, Lines A through L.		
N	Divide Line M above by 12. Enter here and on Form 304, Line 3a.		

**Enclose with Form 304, Major Business Facility Job Tax Credit.**

**SCHEDULE C Pass-Through Entity Identification (Form 304)**



Name as it Appears on Form 304	FEIN or Social Security Number
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- **Tier 1 and Tier 2 pass-through entities must complete this form.**
- Complete this section to identify each taxpayer (individual or business) to which a portion of this credit is distributed. Enter in Columns D and E the percentage and amount of the current year credit from Form 304, Line 7 that is distributed to each partner, shareholder, or other pass-through entity owner. Enclose a separate schedule if additional space is needed. Indicate the type of pass-through entity which earned this credit below:

Limited Liability Company    
  Partnership    
  S Corporation    
  Other (specify) \_\_\_\_\_

	Column A Name	Column B FEIN or SSN	Column C Address	Column D Percentage	Column E Credit
1				%	
2				%	
3				%	
4				%	
5				%	
6				%	
7				%	
8				%	
9				%	
10				%	

**Enclose with Form 304, Major Business Facility Job Tax Credit.**

# Instructions for Completing Form 304, Major Business Facility Job Tax Credit

## Qualifying for the Credit

Individuals, estates, trusts, corporations, banks, insurance companies, and telecommunications companies may claim Major Business Facility Job Tax Credits for qualified job expansion in excess of the threshold amounts established for 1 of the 2 credit tiers. This credit is not available to retail businesses if retail trade is the principal activity of the facility. The taxpayer cannot claim both the Major Business Facility Job Tax Credit, the Coalfield Employment Enhancement Tax Credit, the Green Job Creation Tax Credit, or the International Trade Facility Tax Credit.

A qualified business firm receiving an Enterprise Zone Job Creation Grant under *Va. Code* § 59.1-547 shall not be eligible to receive a Major Business Facility Job Tax Credit for any job that was used to qualify for the Enterprise Zone Job Creation Grant.

"Qualified job expansion" means at least 50 jobs for qualified full-time employees have been created within a continuous 12-month period ending within a taxpayer's taxable year (25 jobs if located within an enterprise zone or economically distressed area).

The thresholds for the 2 credit tiers are as follows:

**Tier 1:** The qualifying threshold amount for Tier 1 is 100 new jobs for the establishment or expansion of a major business facility in Virginia. Please note that for taxpayers whose expansion year begins on or after January 1, 2010, the threshold has been reduced to 50 new jobs.

**Tier 2:** The qualifying threshold amount for Tier 2 is 50 new jobs for the establishment or expansion of a major business facility in a locality identified by the Virginia Economic Development Partnership as an economically distressed area or has been designated as an enterprise zone. Please note that for taxpayers whose expansion year begins on or after January 1, 2010, the threshold has been reduced to 25 new jobs.

Taxpayers can qualify for and claim a credit for only one tier per facility. Credits may be subject to recapture if the average number of qualifying employees decreases during the 5 years following the credit year.

A qualified company that claims employees for the Major Business Facility Job Tax Credit or the International Trade Facility Tax Credit cannot receive a Port of Virginia Economic and Infrastructure Development Zone Grant (POV Zone Grant) for any previously claimed jobs.

## Computing and Claiming the Credit; Due Date for Form 304

- A company cannot file Form 304 and claim this credit until the first taxable year following the taxable year in which the company becomes eligible for the credit by establishing or expanding a major business facility in Virginia.

- A company may enter into a new major business expansion at the end of each credit year. Each expansion year must begin on the same date. For example, if your credit year ends on 12/31/2017 and your expansion year began on 02/01/2015, you can begin a new expansion on 02/01/2018.
- Complete Form 304 to compute your credit and forward it to the Tax Credit Unit at the address below at least 90 days prior to the due date of your tax return. You will receive a certification letter confirming your credit amount.

## Where to File Form 304

Send your completed Form 304 to: **Tax Credit Unit, Virginia Department of Taxation, P.O. Box 715, Richmond, Virginia 23219.**

### NOTE:

- Form 304 must be filed for a total of 6 taxable years following each expansion.
- A separate Form 304 must be filed for each major business facility or qualified job expansion.
- Do **NOT** enclose Form 304 with your tax return.

## What To Enclose

To ensure the timely processing of your application, provide the following:

- Schedules A, B, and/or C (if applicable);
- Virginia Schedule 500AC, Schedule of Affiliated Corporations Consolidated and Combined Filers (if applicable)
- Physical address of each business location for all expansion facilities

## Where to Get Help

Write to the **Virginia Department of Taxation, P.O. Box 715, Richmond, VA 23218-0715** or call **(804) 786-2992**.

Forms and instructions are available for download from the Department's website, [www.tax.virginia.gov](http://www.tax.virginia.gov), or by calling **(804) 367-8031**.

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

## Form Instructions

- Lines that are not specifically mentioned below are self-explanatory.
- Fiscal year filers: Using your federal tax period, complete the line at the top of the form.
- Name, Account Number, and Federal Employer Identification Number or Social Security Number: Enter the information that is requested.

**Lines 1a through 2e:** Provide information for the credit year.

**Line 2c:** A "major business facility" is a company that meets the job threshold amounts and is engaged in business in Virginia in a qualified industry, including manufacturing or mining, agriculture, forestry or fishing, or transportation or communications, and public utilities. An individual facility does not qualify for the credit if retail is the principal activity of such facility. A "qualified full time employee" is an employee filling a new, permanent full-time position in a major business facility in Virginia (a job of indefinite duration requiring a minimum of 35 hours per week).

**Line 3:** Number of qualifying employees: Complete Lines 3a and/or 3b as explained on the form. You may use substitute Schedules A and B if they contain the same data.

**Line 3a:** If this is the credit year (the first taxable year following the taxable year in which the major business facility was established or expanded), complete Schedules A and B, and enter the amount from Schedule B, Line N.

**Line 3b:** Enter the number of qualifying full-time employees reported on the quarterly employment tax reports filed with the Virginia Employment Commission for the current year. The number of qualifying employees must be calculated to 2 decimal places.

**Line 3c:** Provide the information requested. If you have questions, call **(804) 786-2992**.

**Line 6:** Multiply the amount on Line 5 by \$1,000.

**Line 7:** For the credit year and the subsequent taxable years, enter  $\frac{1}{2}$  of the credit amount on Line 6.

**Exception:** Affiliated companies that aggregated jobs in order to qualify for this credit and file separate Virginia returns must enter the prorated current year credit amount here and enclose a statement reflecting the prorated amount for each affiliated company.

**Line 8:** Credit to be recaptured this year: If the average number of qualifying employees, as determined by your current year quarterly filings with the Virginia Employment Commission (Line 3b), is less than the average number of qualifying employees for your credit year (Line 3a), you may be required to recapture all or a portion of the Major Business Facility Job Tax Credit.

Recapture is based on qualified full-time employees, but is not contingent upon specific employees. Consequently, recapture will not occur as a result of employee turnover if average employment does not decrease.

## General Carryover Credit Information Based on Form 304

The Major Business Facility Job Tax Credit is computed in the credit year and allowed over a 2 year period. This is a nonrefundable credit. Any unused amount may be carried forward for the next 10 taxable years.

### Schedule A

Complete Schedule A to identify each qualifying employee according to the instructions provided. Please complete this section for each year (1 - 6) that Form 304 is filed.

### Schedule A Worksheet

Complete the Schedule A Worksheet to calculate the average number of qualifying employees in the current year. There should be one line completed for each applicable section. Enter the total from Column D on Form 304, Line 3b.

### Schedule B (To be completed for the credit year)

Complete Schedule B to compute the number of qualifying employees on a monthly basis.

#### Lines A through L:

**Column A** On each line, enter the number of qualified full-time or equivalent full-time employees who filled new permanent (indefinite duration) full-time positions in Virginia and were employed for the same number of months during the credit year.

**Column B** The number of months preprinted in Column B should be the number of months that the qualifying employees in Column A on the same line worked during the credit year.

**Column C** For each line, multiply the amount in Column A by the amount in Column B.

#### Lines M and N:

**Line M** Add the amounts in Column C, Lines A through L.

**Line N** Divide Line M by 12. Enter here and on Form 304, Line 3a.

### Schedule C

Tier 1 and Tier 2 pass-through entities must complete Schedule C for each year that a credit is earned (generally years 1 - 3).

In addition, a pass-through entity is also required to complete a Form 502 and send each participant a copy of the pass-through entity's certification letter to enclose with its income tax return and a Schedule VK-1.