

# 1997 Form 506

## STATE OF OKLAHOMA INVESTMENT/NEW JOBS CREDIT

Enclose with Oklahoma income tax return - Form 511, 512, 512-S, 513, or 514  
Please read carefully the information on reverse side

Name as shown on return	<b>CHECK ONE</b>	Social Security Number
	Sole Proprietorship _____	
	Partnership _____	F.E.I. Number
	S-Corporation _____	
Name of business	Corporation _____	Mfg. limited exemption certificate number (Audit Division)
	Fiduciary _____	

Please furnish the exact location of the manufacturing or processing facility for which the credit is being claimed.  
Also provide a full explanation of the type of manufacturing or processing in which you are engaged.

**NEW JOBS CREDIT**  
(employee must be paid at least \$7,000 in the year credit is claimed)  
Any new employees in subsequent years must be entered on a new Form 506.

Monthly average of full-time employees for 4th qtr. that received over \$7,000 during the year.	Number of full-time employees during base year	Net increase (decrease)	Number of new employees engaged in manufacturing or processing	Total credit for additional employees.
Taxable Year	1996	Col. 1 - Col. 2		Col. 4 x \$500
(1)	(2)	(3)	(4)	(5)
1997				
1998				
1999				
2000				
2001				

**NOTICE: CREDIT MAY BE CLAIMED FOR EITHER NEW JOBS OR INVESTMENT, BUT NOT BOTH.**

INVESTMENT CREDIT Investment in Oklahoma Qualified Property placed into service in 1997. This investment must be at least \$50,000.			ALLOWABLE CREDIT Credits not used may be carried over, in order, to each of the five years following the initial five year period.			
Amount invested (Must be \$50,000, or over)	Rate 1%	Credit Allowed	Tax Year Used	Credit from Col. 5 or 8	\$ Amount Used	Carryover
(6)	(7)	(8)	(9)	(10)	(11)	(12)
1997	(1%)					
1998	(1%)					
1999	(1%)					
2000	(1%)					
2001	(1%)					

The credit shall be allowed in each of the four subsequent tax years only if the level of new employees is maintained or the qualified property is not sold, disposed of, or transferred. New jobs credit cannot be claimed as a result of investment in equipment on which investment credit was claimed in previous years. This form must be used for each of the four remaining years in which the credit is claimed.

**NOTICE:** The credit is doubled if the facility is located in an enterprise zone.  
Check here if located in an enterprise zone. \_\_\_\_\_

# OKLAHOMA INVESTMENT/NEW JOBS CREDIT - TITLE 68 O.S. SECTION 2357.4

## Form 506 Instructions

### Notice...

- Credit may not be claimed if you are qualified under the "Oklahoma Quality Jobs Program Act." Title 68 O.S. Section 3601.
- Credit may be claimed for either New Jobs or Investment, but not Both.

### General...

Taxpayers who may claim the credit are individuals (including the pass-through credit from Partnerships and Sub-Chapter S Corporations), Partnerships, Fiduciaries, Corporations and Sub-Chapter S Corporations. When this credit is claimed as a pass-through from a partnership or Sub-Chapter S Corporation, the Form 506 must have the name of the Partnership or Sub-Chapter S Corporation entered in the space provided at the top of the Form.

### New Jobs Credit...

- Column 1:** Enter the average number of full time employees who were employed, in the State of Oklahoma, during the 4th quarter who received over \$7,000 in wages or salary during the taxable year. The fourth quarter is generally defined as the last quarter of your taxable year.
- Column 2:** Enter the average number of full time employees who were employed, in the State of Oklahoma, during the 4th quarter who received over \$7,000 in wages or salary during the base year. The base year is the preceding taxable year before the increase in employees.
- Column 3:** Net increase or decrease in employees. Subtract Column 2 from Column 1.
- Column 4:** Using the number from Column 3, make the following adjustments, and enter the result in Column 4: (Enclose a schedule showing the computation of the employee count for all Columns.)
- No employee may be included in Column 4, for which a credit is being claimed on any other Form 506.
  - No employee may be included in Column 4, if the increase in employees is the result of an investment in qualified depreciable property for which an income tax credit has been claimed and allowed on any other Form 506.
  - No employee may be included in Column 4, who is not actually engaged in manufacturing or processing or support of the manufacturing or processing of a product. Employees engaged in administrative, legal, accounting, clerical, sales, warehousing, delivery, housekeeping and yard upkeep are not generally considered support personnel and may not be included in Column 4.
  - In the first year a credit is claimed based on jobs, a new employee may be included in Column 4 if the employee's wages are less than the \$7,000 only if the following conditions are met:
    - the employee was hired in any of the last three quarters of the tax year, and
    - has wages or salary which will result in annual paid wages in excess of \$7,000, and
    - the taxpayer submits an affidavit stating that the employee's position will be retained in the following tax year and will result in the payment of wages in excess of \$7,000.
  - For subsequent tax years, Column 4 is limited to the number of new employees in Column 4 of the initial tax year.
- Column 5:** The credit is \$500 per new employee engaged in manufacturing or processing including support personnel. Multiply the amount of Column 4 by \$500. This is the amount of the allowable credit, if you qualify for the New Jobs Credit.

### Investment credit...

- Column 6:** Enter the amount invested in qualified depreciable property placed in service, in the State of Oklahoma, during the taxable year. The investment must be at least \$50,000 in qualified depreciable property used in manufacturing in this state. The credit shall not be allowed if such investment causes a decrease in the number of employees. Qualified property shall be limited to machinery, fixtures, equipment, buildings or substantial improvements thereto, placed in service in this state during the taxable year. The investment in Oklahoma Qualified Property must be reduced when the property is sold, disposed of or transferred. Enclose a detailed schedule showing the description of the qualified property, the amount invested (cost), and the date the assets were placed in service.
- Column 8:** The credit is one percent of the cost of the qualified depreciable property. Multiply the amount of Column 6 by Column 7. This is the amount of the allowable credit, if you qualify for the Investment Credit.

### Allowable credit - carryover...

- Column 10:** The credit is allowed for the greater of New Jobs Credit or Investment Credit, but not both. Enter the greater amount from Column 5 or Column 8. Once the type of allowable credit is determined in the first year, that type of credit will be used in all remaining tax years on that particular Form 506.
- Column 11:** Enter the amount of credit used this tax year.
- Column 12:** Enter the amount of credit not used this tax year. Any credit claimed and not used in any taxable year may be carried over, in order, to each of the four years following the year of qualification and to the extent not used in those years, in order to each of the five years following the initial five-year period. Enclose schedule showing all carryover credits by tax year claimed and used.

### Enterprise zones...

The Investment / New Jobs Credit is doubled per Title 62 O.S. Section 690.4 if the facility is located in an enterprise zone.