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# State of Oklahoma
# INVESTMENT/NEW JOBS CREDIT

**Provide with Oklahoma income tax return - Form 511, 511NR, 512, 512-S, 513, 513NR, or 514.**
**Please read the information on pages 2 and 3 carefully.**

FORM **506** 2016

| Name as Shown on Return | CHECK ONE | Social Security Number |
|---|---|---|
| | Sole Proprietorship ☐ | |
| | Partnership ☐ | Federal Employer Identification Number |
| | S-Corporation ☐ | |
| Name of Business | Corporation ☐ | Mfg. Sales/Exemption Permit (MSEP) (required for a manufacturing facility) |
| | Fiduciary ☐ | |

**Furnish the exact location of the manufacturing facility or web search portal establishment for which the credit is being claimed. Also provide a full explanation of the type of manufacturing or activity in which you are engaged.**

_____

_____

## NEW JOBS CREDIT

**Employee must be paid at least $7,000 in wages or salary subject to Oklahoma income tax withholding in the year credit is claimed. Any new employees hired in subsequent years must be entered on a new Form 506.**

| Monthly average of qualified full-time employees engaged in manufacturing for 4th quarter | Number of full-time employees engaged in manufacturing during base year | Net increase (decrease) | Total credit for additional employees |
|---|---|---|---|
| Taxable Year | 2015 | Column 1 - Column 2 | (see instructions) |
| (1) | (2) | (3) | (4) |
| **2016** | | | |
| **2017** | | | |
| **2018** | | | |
| **2019** | | | |
| **2020** | | | |

**Notice:** Credit may be claimed for either new jobs or investment, but not both. **Complete both calculations.**

## INVESTMENT CREDIT

Investment in Oklahoma Qualified Depreciable Property placed into service in 2016. This investment must be at least $50,000.

| Amount invested | Rate 1% | Credit Allowed (see instructions) |
|---|---|---|
| (5) | (6) | (7) |
| **2016** | **(1%)** | |
| **2017** | **(1%)** | |
| **2018** | **(1%)** | |
| **2019** | **(1%)** | |
| **2020** | **(1%)** | |

## ALLOWABLE CREDIT

Credits not used may be carried over, in order, to each of the fifteen years following the initial five-year period.

| Tax Year Available | Credit from Column 4 or 7 | Amount of Credit Used | Carryover |
|---|---|---|---|
| (8) | (9) | (10) | (11) |
| **2016** | | | |
| **2017** | | | |
| **2018** | | | |
| **2019** | | | |
| **2020** | | | |

The credit shall be allowed in each of the four subsequent tax years only if the level of new employees is maintained or 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.

## ENTERPRISE ZONE

**The credit is doubled (per 62 Oklahoma Statutes (OS) Sec. 690.4) if the facility is located in an enterprise zone. If you have questions about which areas in Oklahoma qualify as Enterprise Zones, see the current listing at http://okcommerce.gov/data/maps. For additional information, contact Lesli Crofford with the Oklahoma Department of Commerce by email at lesli.crofford@commerce.ok.gov or by phone at (405) 815-5120.**

☐ Check if located in an enterprise zone and provide the following:

2010 Census Tract Number: _____

County where facility is located: _____

# Investment/New Jobs Credit Instructions

68 Oklahoma Statutes (OS) Sec. 2357.4 and Rule 710:50-15-74

## 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. The pass-through entity shall provide to each partner, shareholder or member, documentation showing their share of the credit. Such documentation must be provided with the partner's, shareholder's or member's income tax return when their share of the credit is being claimed.

## New Jobs Credit **(Web search portal establishments do not qualify for the New Jobs portion of the credit).**

a) For Column 1 and Column 2, "full-time-employee" refers to job positions that pay at least $7,000 and in which someone is employed during the final quarter regardless of whether the person occupying the job position has actually earned $7,000.

b) **No employee may be included in Column 3, for which a credit is being claimed on any other Form 506.**

c) No employee may be included in Column 3, 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.

d) No employee may be included in Columns 1 or 2, who is not actually engaged in manufacturing or support of the manufacturing of a product. Employees engaged in administrative, legal, accounting, clerical, sales, delivery, housekeeping and yard upkeep are not generally considered support personnel and may not be included.

e) In the first year a credit is claimed based on jobs, a new employee may be included in Column 1 if the employee's wages are less than the $7,000 only if the following conditions are met:

   1) the employee was hired in any of the last three quarters of the tax year, and

   2) has wages or salary which will result in annual paid wages in excess of $7,000, and

   3) the taxpayer submits an affidavit stating that the employee's position will be retained the following tax year and result in the payment of wages in excess of $7,000.

f) A company that engages in manufacturing or processing may still qualify for the Oklahoma New Jobs Credit even though they lease their employees through an employee leasing company. See Rule 710:50-15-74 for additional guidance if the employees included in Columns 1 or 2 are leased through an employee leasing company.

**Column 1:** Enter the average number of qualified full-time employees engaged in manufacturing, including support, employed in the State of Oklahoma during the 4th quarter and during the taxable year who received at least $7,000 in wages or salary subject to Oklahoma income tax withholding. The fourth quarter is generally defined as the last quarter of your taxable year.

**Column 2:** Enter the average number of qualified full-time employees engaged in manufacturing, including support, employed in the State of Oklahoma during the 4th quarter and during the base year who received at least $7,000 in wages or salary subject to Oklahoma income tax withholding. 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. The credit, once established, is also allowed in each of the four subsequent years if the level of new employees is maintained. For subsequent tax years, Column 3 is limited to the number of new employees in Column 3 of the initial tax year. **Provide a schedule showing the computation of the employee count for all columns. Include name, social security number, brief job description, annual wages for each employee and the date the new job was created.**

**Column 4:** The credit is $500* per new employee engaged in manufacturing including support personnel. Multiply the amount of Column 3 by $500. This is the amount of the allowable credit if you qualify for the New Jobs Credit.

***NOTE:** If the box on page 1 is checked, indicating the facility is located in an enterprise zone, the credit is $1,000 per new employee.

# Investment/New Jobs Credit Instructions

68 OS Sec. 2357.4 and Rule 710:50-15-74

## Investment Credit

**Column 5:** 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 or in a web search portal establishment in this state. The credit shall not be allowed if such investment is the direct cause of 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. **Provide a detailed schedule showing the description of the qualified property, the amount invested (cost), and the date the assets were placed in service.**

**Column 7:** The credit is 1%* of the cost of the qualified depreciable property. Multiply the amount of Column 5 by Column 6. This is the amount of the allowable credit if you qualify for the Investment Credit.

***NOTE:** If the box on page 1 is checked, indicating the facility is located in an enterprise zone, the credit is 2% of the cost of the qualified depreciable property.

## Allowable Credit - Carryover **

**NOTE:** Effective for tax years beginning on or after January 1, 2016 and ending on or before December 31, 2018, no more than $25 million of credit may be allowed as an offset in a taxable year. For tax year 2016, the credit is limited to 43.4% of the otherwise allowable credit. Any credits carried over into or earned during the 2016, 2017 and 2018 tax years but which are not allowed to be offset against income tax due to the application of the $25 million cap shall carry forward to offset income tax in subsequent tax years. The total Investment/New Jobs Credit will be adjusted on Form 511CR to limit the amount used to offset tax.

**Column 9:** The credit is allowed for the greater of New Jobs Credit or Investment Credit, but not both. Enter the greater amount from Column 4 or Column 7. 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 10:** Enter the amount of credit used this tax year.

**Column 11:** 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 fifteen years following the initial five-year period. To the extent not used, any credit from qualified depreciable property may be utilized in subsequent tax years after the initial twenty-year period. Provide schedule showing all carryover credits by tax year claimed and used.

** If a C corporation that otherwise qualified for the credits under subsection A of 68 OS Sec. 2357.4 subsequently changes its operating status to that of a pass-through entity which is being treated as the same entity for federal tax purposes, the credits will continue to be available as if the pass-through entity had originally qualified for the credits subject to the limitations of such Section. The pass-through entity shall provide, to each member, documentation showing their share of the credit. Such documentation must be provided with the member's income tax return when their share of the credit is being claimed.

## Notices:

• If the business entity manufactures any product described in Division D of Part I of the Standard Industrial Classification Manual, latest revision, they may be entitled to double their Investment/New Jobs Credit. To qualify for the double credit the total cost of qualified depreciable property used in the manufacture of such product must be at least $40 million dollars and be placed in service in this state within 3 years from the date of the initial qualifying expenditure. The credit for each new employee in Column 4 will be $1,000 and the rate for qualified depreciable property in column 6 will be 2%. Enter the amount of doubled credit in Column 4 and/or Column 7 and note the reason for the double credit.

• If you receive an incentive payment under one of the Quality Jobs incentives (such as 68 OS Sec. 3601, 3801, 3901 or 3911) or under one of the Quality Investment incentives (such as 68 OS Sec. 4101 or 4201) you may not be eligible for this credit.

• Credit may not be claimed during the period of time that any withholding taxes are being paid to the Community Economic Development Pooled Finance Revolving Fund or in any manner used for the payment of principal, interest or other costs associated with any obligation issued by the Oklahoma Development Finance Authority in accordance with the *"Oklahoma Community Economic Development Pooled Finance Act".* (62 OS Sec. 891.12)

• Credit may not be claimed for jobs created or capital investments made as a direct result of bond proceeds which are provided in accordance with the *"Oklahoma Quality Jobs Incentive Leverage Act"* pursuant to a second irrevocable election. (68 OS Sec. 3651)

• Tax credits transferred or allocated must be reported on Oklahoma Tax Commission (OTC) Form 569. Failure to file Form 569 will result in the affected credits being denied by the OTC pursuant to 68 OS Sec. 2357.1A-2.