

VIRGINIA

ENTERPRISE ZONE CREDIT

20

Qualification year

- 1st year 2nd year 3rd year 4th year 5th year 6th year 7th year 8th year 9th year 10th year



Form 301 INDIVIDUAL TAX

INDIVIDUAL TAX

Attach this form to your return

Name(s) as shown on return or form

Social Security Number/FEIN

Zone Location Code

Table with 6 rows for tax calculations: (1) Total tax due, (2) Qualified business firm income, (3) Percentage of business done within the enterprise zone, (4) Income attributable to enterprise zone activity, (5) Percentage of enterprise zone income to total income, (6) Tax attributable to enterprise zone activity.

FOR BUSINESSES QUALIFYING PRIOR TO JULY 1, 1995

General Tax Credit:

Table with 2 rows: (7) Applicable percentage, (8) General tax credit (Line 6 multiplied by the percentage on Line 7).

Unemployment Tax Credit:

Table with 6 rows: (9) Current year unemployment tax credit, (10) Carryover unemployment tax credit from prior years, (11) Total unemployment tax credit available this year, (12) Tax attributable to enterprise zone activity, less any general tax credit, (13) Credit used this year, (14) Credit carryover to subsequent year.

FOR BUSINESSES QUALIFYING ON OR AFTER JULY 1, 1995

General Tax Credit:

Table with 4 rows: (15) Applicable percentage (see instructions), (16) Available credit (Line 6 multiplied by the percentage on Line 15), (17) Credit authorized by the Department of Housing and Community Development, (18) General tax credit (enter the lesser of Line 16 or Line 17).

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Table with 6 rows: (19) through (24) reserved for future use.

Zone Investment Tax Credit:

Table with 6 rows: (25) Zone investment tax credit negotiated with the Department of Housing and Community Development, (26) Zone investment tax credit used in prior years, (27) Total zone investment tax credit available this year, (28) Credit authorized by the Department of Housing and Community Development, (29) Lesser of Line 27 or Line 28, (30) Credit used this year, (31) Credit carryover to subsequent year.

Total Enterprise Zone Credit:

Table with 1 row: (32) Enter the total of all applicable Enterprise Zone Credits for this year (add Lines 8, 13, 18 and 30).



FORM 301 INSTRUCTIONS — INDIVIDUAL TAX

GENERAL INFORMATION: Enter the zone location code in the box located at the top of the form. This code number can be obtained from the Certificate of Qualification issued by the Department of Housing and Community Development.

The following rules apply when computing tax credits:

- Where a credit is limited to a percentage of the tax, the "tax" for this purpose shall be the tax liability, less the credit for taxes paid to other states.
- Other income tax credits should be claimed in the order in which they provide the maximum benefit, regardless of the order shown on the return.
- Claim only as much credit as can be used to offset tax liability and keep accurate records of the carryover available for each credit.

LINE BY LINE INSTRUCTIONS:

- (1) Enter the total tax (Line 17 from Form 760 or Line 19 from Form 760PY, Line 4 from Form 770, or Line 19 from Form 763) less any credit claimed for taxes paid to other states.
- (2) Enter the amount of taxable income derived from a qualified business firm operating within an enterprise zone. Sole proprietorships enter the income reported on federal Schedule C. Owners of pass-through entities (S corporation shareholders, partners, LLC members, etc.) enter the distributive share of income reported to them on federal Schedule K-1. Wages received from pass-through entities (a partnership, S corporation or LLC, etc.) may not be included on this line.
- (3) Enter the percentage of business done within the enterprise zone. Qualified business firms having taxable income from business activity, both inside and outside of an enterprise zone, must allocate and apportion on Schedule 500A (Form 500) their taxable income attributable to the conduct of business according to *Va. Code* § 59.1-280(G). Schedule 500A must be attached to Form 301. Owners of pass-through entities should receive a Schedule 502A (Form 502) from the pass-through entity completed for this purpose, and attach it to their Form 301.
- (4) Multiply the amount on Line 2 by the percentage on Line 3 and enter the result here and in the "Zone" column on Line 5. If all business was conducted inside the zone, enter the amount from Line 2 in the "Zone" column on Line 5.
- (5) Enter Virginia taxable income (Line 14 of Form 760, Line 17 of Form 760PY, Line 18 from Form 763, or Line 3 of Form 770) in the "Total" column and zone income from Form 301, Line 4 in the "Zone" column. Divide the "Zone" income by the "Total" income and enter the percentage in the third column.
- (6) Multiply Line 1 by the percentage on Line 5 and enter the result.

FOR BUSINESSES QUALIFYING PRIOR TO JULY 1, 1995

General Tax Credit:

- (7) Enter the applicable percentage corresponding to the qualification year as follows:

Operations prior to July 1, 1992	
(a) First tax year - 80%	(c) Third tax year - 40%
(b) Second tax year - 60%	(d) Fourth and fifth tax years - 20%

 Operations beginning on or after July 1, 1992

(a) First tax year - 80%
(b) Second through tenth tax years - 60%
- (8) Multiply the amount on Line 6 by the percentage on Line 7. This is your current year general tax credit. Any unused tax credit in this category may not be applied to future tax years.

Unemployment Tax Credit:

- (9) The unemployment tax credit amount is equal to the amount of state unemployment tax paid on employees within the enterprise zone multiplied by the applicable percentage. The percentages are as follows:

Operations prior to July 1, 1992	
(a) First tax year - 80%	(c) Third tax year - 40%
(b) Second tax year - 60%	(d) Fourth and fifth tax years - 20%

 Operations beginning on or after July 1, 1992

(a) First tax year - 80%
(b) Second through tenth tax years - 60%
- (10) Enter the carryover amount from the prior year. Attach computation of

the carryover amount.

- (11) Add Lines 9 and 10. This is the total unemployment tax credit available for the year.
- (12) Enter the remaining tax attributable to enterprise zone activity (Line 6 less Line 8).
- (13) Credit used this year: Enter the amount on Line 11 or Line 12, whichever is less.
- (14) Credit carryover to subsequent years: Subtract the amount on Line 13 from the amount on Line 11.

FOR BUSINESSES QUALIFYING ON OR AFTER JULY 1, 1995

General Tax Credit:

- (15) Enter the percentage authorized by the Department of Housing and Community Development.
- (16) Multiply the amount from Line 6 by the percentage on Line 15.
- (17) Enter the amount of credit authorized by the Department of Housing and Community Development.
- (18) Enter the lesser of Line 16 or Line 17. This is your current year general tax credit. Any unused tax credit may not be applied to future tax years.

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- (19)
- (20)
- (21)
- (22)
- (23)
- (24)

Zone Investment Tax Credit:

- (25) Enter the amount of zone investment tax credit negotiated with the Department of Housing and Community Development.
- (26) Enter the total zone investment tax credit used in prior years.
- (27) Total zone investment tax credit: Subtract Line 26 from Line 25.
- (28) Enter the credit amount authorized by the Department of Housing and Community Development.
- (29) Enter the amount from Line 27 or Line 28, whichever is less.
- (30) Enter the amount from Line 29, not to exceed the individual tax liability amount minus other credits claimed. For Form 760, 760PY and 763 the total amount of credit cannot exceed the income tax reduced by the amounts on Form 301, Lines 8, 13 and 18 and the total of other tax credits taken. For Form 770, the total amount of credit cannot exceed Form 770, Line 4 reduced by the amounts on Form 301, Lines 8, 13 and 18 from this form and the total of other credits taken.
- (31) Credit carryover to subsequent year: Subtract the amount on Line 30 from the amount on Line 27.
- (32) **Total Enterprise Zone Credit:** Enter the total of all applicable Enterprise Zone Credits for this year from Lines 8, 13, 18 and 30. Enter the total here and on Schedule CR, Part 2, Line 2A (Form 760, 760PY, 763) or for Form 770 filers, Line 5(f).

NOTE: When qualifying in more than one enterprise zone, complete a separate Form 301 for each zone. Add the total credit amount from each Form 301 and enter that amount on Schedule CR, Part 2, Line 2A (Form 760, 760PY, 763) or for Form 770 filers, Line 5(f) of the return.

For additional information, call (804) 367-8031 or write to the Virginia Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115. You can obtain most Virginia tax forms from the Department's website at www.tax.virginia.gov.

For assistance contact:

Virginia Department of Taxation
P. O. Box 1115
Richmond, VA 23218-1115
(804) 367-8031

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