

DRAFT FORM — NOT FOR FILING

This draft form has been updated to include the most recent changes effective for Tax Year 2025 Virginia returns. If legislative changes or issues arise, we will post a new version of this draft form.

Please continue to monitor tax.virginia.gov/early-release-forms for future drafts of this form. Once forms are final, we will post them on our website at tax.virginia.gov/forms.

Virginia Major Business Facility Taxable Year
Form 304 Job Tax Credit Application _____



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 _____
Street Address _____		City, State, and ZIP Code _____
Entity Type: (Check One) <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Other _____		
Have you applied for any other credit(s) this year? If yes, indicate which credits. _____ If you applied for an 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. <input type="checkbox"/> 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 <input type="checkbox"/> 100 (for expansions prior to January 1, 2010) Tier 1 <input type="checkbox"/> 50 (for expansions on or after January 1, 2010)		Economically Distressed Area/Enterprise Zone Tier 2 <input type="checkbox"/> 50 (for expansions prior to January 1, 2010) Tier 2 <input type="checkbox"/> 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 _____ <input type="checkbox"/> This is a new facility. <input type="checkbox"/> 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 <input type="checkbox"/> Credit Year <input type="checkbox"/> Year 2 <input type="checkbox"/> Year 3 <input type="checkbox"/> Year 4 <input type="checkbox"/> Year 5 <input type="checkbox"/> Year 6 You must include Schedule A and the Schedule A Worksheet for all filing years.		
2e. Have you had an expansion before? <input type="checkbox"/> Yes –or– <input type="checkbox"/> 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.)		
3a. Number of qualifying employees in the credit year.	3a.	
3b. Overall number of qualifying employees in the current year for this expansion See Schedule A and Schedule A Worksheet.	3b.	
3c. If Line 3b is Less than Line 3a. Enclose a schedule showing the computation for recapture.	3c.	
4. Threshold amount – Enter the amount from 2b.	4.	
5. Number of credit year qualifying employees – Subtract Line 4 from Line 3a.	5.	
6. Total credit allowed for this major business facility or expansion – Multiply Line 5 by \$1,000.	6.	
7. Current year credit – Multiply Line 6 by 1/2.	7.	
8. Credit to be recaptured this year (if applicable).	8.	
9. Adjusted credit – Subtract Line 8 from Line 7 (if applicable)	9.	

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 (Optional) _____	Preparer Phone Number _____	

Form 304
Schedule A

Major Business Facility Job Tax Credit
List of Qualifying Full-Time Employees

Taxable Year

- 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, 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.**

	Column A Employee Name (Use Additional Schedules as Necessary)	Column B Date of Hire	Column C Social Security Number	Column D Number of Full Months Employed During the Credit Year	Column E Brief Position Description/Number	Column F 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 Application

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
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Number of employees prior to first expansion. For a new facility, enter 0.

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	Column A Number of qualifying employees in the credit year.	Column B Number of qualifying employees added.	Column C Number of qualifying employees terminated.	Column 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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Form 304 Major Business Facility Job Tax Credit
Schedule B Qualifying Employees Schedule



Name as it Appears on Form 304	FEIN
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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 Application.

**Form 304 Major Business Facility Job Tax Credit
Schedule C Pass-Through Entity Identification**



Name as it Appears on Form 304	FEIN
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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 Application.

Instructions for Completing Form 304

Major Business Facility Job Tax Credit Application

Qualifying for the Credit

For taxable years beginning on and after January 1, 1995, but before July 1, 2025, 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.

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 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 12/31/2024 and your expansion year began on 02/01/2022, you can begin a new expansion on 02/01/2025.

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.

Pass-Through Entities

Each pass-through entity must file Form TCA with the Department when allocating this credit to its participants. Form TCA should be filed within 30 days after the credit is granted, but at least 90 days prior to the participants filing their income tax returns. Failure to file Form TCA may result in the credit claim being disallowed and/or a delay in processing the participant's return. This information should be sent to: **Virginia Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **(804) 774-3902. Do not do both.**

All pass-through entities distributing this credit to its participants, including owners, shareholders, partners, or members, must give each such participant a Schedule VK-1, Owner's Share of Income and Virginia Modifications and Credits.

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**, 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:** Enter the information that is requested.
- **By providing an email address on the form, you consent to allow emailed communications from the Virginia Department of Taxation related to this tax credit application. If you do not wish to receive electronic communications, do not enter an email address in the space provided on the form.**

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 the **Virginia Department of Taxation, Tax Credit Unit** at **(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.

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