

# MARYLAND

1996

FORM

500CR

ATTACH TO:  
Maryland Form  
500,502,or 505

# BUSINESS TAX CREDITS

FOR TAX YEARS BEGINNING IN 1996  
TAXABLE YEAR BEGINNING \_\_\_\_\_, 1996  
ENDING \_\_\_\_\_, 19\_\_

Do Not Write in This Space

Name as shown on Form 500, 502, or 505

Taxpayer Identification Number

## SEE INSTRUCTIONS

### PART A – ENTERPRISE ZONE TAX CREDIT

#### PART A - I CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES

1. Number of employees eligible for first-year credit.....		
2. Number of employees eligible for second-year credit.....		
3. Number of employees eligible for third-year credit.....		
4. Credit for first year (limited to \$1,500 of wages paid to each employee).....	-----	
5. Credit for second year (limited to \$1,000 of wages paid to each employee).....	-----	
6. Credit for third year (limited to \$500 of wages paid to each employee).....		
7. Total (Add lines 4, 5 and 6) .....		

#### PART A - II CREDIT FOR OTHER QUALIFIED EMPLOYEES

8. Number of employees eligible for credit but not included in Part A -1.....		
9. Credit (limited to \$500 of wages paid to each employee).....		

#### PART A - SUMMARY

10. Total credit for wages paid in the current tax year (Add lines 7 and 9).....		
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### PART B – EMPLOYMENT OPPORTUNITY TAX CREDIT

#### PART B - I CREDIT FOR QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEES

11. Number of employees eligible for first-year credit.....		
12. Number of employees eligible for second-year credit.....		
13. Number of employees eligible for third-year credit.....		
14. Credit for first year (limited to 30% of first \$6,000 of wages paid to each employee).....	-----	
15. Credit for second year (limited to 20% of first \$6,000 of wages paid to each employee).....	-----	
16. Credit for third year (limited to 10% of first \$6,000 of wages paid to each employee).....		
17. Total (Add lines 14, 15 and 16).....		

#### PART B - II CREDIT FOR QUALIFIED CHILD CARE EXPENSES

18. Number of first-year qualified employees with child care needs.....		
19. Number of second-year qualified employees with child care needs.....		
20. Number of third-year qualified employees with child care needs.....		
21. Credit for first year (limited to \$600 of child care expenses incurred for each qualified employee).....	-----	
22. Credit for second year (limited to \$500 of child care expenses incurred for each qualified employee).....	-----	
23. Credit for third year (limited to \$400 of child care expenses incurred for each qualified employee).....		
24. Total (Add lines 21, 22 and 23).....		

**PART B - SUMMARY**

25. Total credit for wages paid and child care expenses incurred in the current tax year (Add lines 17 and 24)..... 

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**PART C – JOB CREATION TAX CREDIT**

**PART C - I CREDIT FOR QUALIFIED EMPLOYEES EMPLOYED BY A QUALIFIED ENTITY**

26. Total number of positions eligible for credit for current year..... 

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27. Multiply line 26 by \$1,000 ..... 

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28. Enter 2.5% of wages paid to each position on line 26..... 

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29. Enter the lesser of line 27 or 28..... 

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**PART C - II CREDIT FOR QUALIFIED EMPLOYEES WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA**

30. Total number of positions eligible for credit for current year..... 

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31. Multiply line 30 by \$1,500 ..... 

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32. Enter 5% of wages paid to each position on line 30..... 

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33. Enter the lesser of line 31 or 32..... 

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**PART C - III CREDIT FOR DISABLED INDIVIDUALS EMPLOYED BY A QUALIFIED ENTITY**

34. Total number of positions eligible for credit for current year..... 

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35. Multiply line 34 by \$1,500 ..... 

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36. Enter 5% of wages paid to each position on line 34..... 

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37. Enter the lesser of line 35 or 36..... 

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**PART C – SUMMARY**

38. Total credits calculated for the current year (Add lines 29, 33 and 37)..... 

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39. Enter lesser of line 38 or \$1,000,000 ..... 

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40. Total current year credits available (Multiply line 39 by 50%)..... 

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41. Enter remaining 50% of credits from prior year..... 

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42. Total credits available (Add lines 40 and 41)..... 

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**PART D – CLEAN-FUEL VEHICLE TAX CREDIT**

**PART D - I CREDIT FOR QUALIFIED CLEAN-FUEL TRUCKS WITH A VEHICLE WEIGHT OF MORE THAN 5,000 BUT LESS THAN 10,000 POUNDS**

43. Number of qualified clean-fuel trucks..... 

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44. Credit (limited to 80% of the deduction allowed on your federal return)..... 

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**PART D - II CREDIT FOR QUALIFIED CLEAN-FUEL VEHICLES**

45. Number of qualified clean-fuel vehicles not included on line 43..... 

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46. Credit (limited to 40% of the deduction allowed on your federal return)..... 

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**PART D - III CREDIT FOR QUALIFIED ELECTRIC VEHICLES**

47. Number of qualified electric vehicles..... 

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48. Credit (limited to 40% of the deduction allowed on your federal return)..... 

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**PART D - SUMMARY**

49. Total credit for qualified clean-fuel vehicles (Add lines 44, 46 and 48) (No carryovers are allowed for this credit)..... 

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**PART E – BUSINESS TAX CREDIT SUMMARY**

50.	Total credits for PART A (Enter amount from line 10).....		
51.	Total credits for PART B (Enter amount from line 25).....		
52.	Total credits for PART C (Enter amount from line 42).....		
53.	Total credits for PART D (Enter amount from line 49).....		
54.	Total of current year credits (Add lines 50, 51, 52 and 53).....		
55.	Carryover of excess credits from previous years:		
	1991 .....		
	1992 .....		
	1993 .....		
	1994 .....		
	1995 .....		
	Total carryover of excess credits .....		
56.	Tentative credits (Add lines 54 and 55).....		
57.	Enter tax from line 9 of Form 500, line 62a of Form 502, or line 62 of Form 505...		
58.	Allowable credit (line 56 or line 57, whichever is less).....		

Also enter this amount on line 10c of Form 500 on line 68 of Form 502 or 505.  
 An addition to income is required for credits from PART A and PART B. Subtract lines 52 and 53 from line 58. Enter the result on line 2d of Form 500, line 21 of Form 502 or line 19 of Form 505.

**PART F – EXCESS CREDIT CARRYOVER CALCULATION**

If you do not have a credit carryover for the current year, do not complete this section.

59.	Enter amount from line 57 .....		
60.	Enter amount from line 53 .....		
61.	Subtract line 60 from line 59 (If less than zero (0), enter zero (0)).....		
62.	Add lines 50,51, 52 and 55.....		
63.	Excess credit carryover (Subtract line 61 from line 62).....		

# BUSINESS TAX CREDITS

## GENERAL INSTRUCTIONS

**Purpose of form.** Form 500CR is used by a corporation or an individual to claim credits against the income tax.

The tax credits available to be reported on this form are the **Enterprise Zone Tax Credit**, the **Employment Opportunity Tax Credit**, the **Job Creation Tax Credit** and the **Clean-Fuel Vehicle Tax Credit**.

**Name and Other Information.** Type or print the name as shown on Form 500, Form 502 or Form 505 in the designated area. Enter the Taxpayer Identification Number (social security number or federal identification number). If a Federal Employer Identification Number (FEIN) is to be used and has not been secured, enter "APPLIED FOR" followed by the date of application. If you have not applied for a FEIN, please do so immediately.

**Taxable Year or Period.** Enter the beginning and ending dates in the space provided at the top of Form 500CR. The form used for filing must reflect the same tax year as the annual tax return.

**When and Where to File.** Form 500CR must be attached to the annual return (Form 500, 502 or 505) and filed with the Comptroller of the Treasury, Revenue Administration Division, Annapolis, Maryland 21411-0001.

## PART A - ENTERPRISE ZONE TAX CREDIT

**General Requirements.** Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees. For information on the location of enterprise zones and the standards which businesses must meet to qualify, contact the Maryland Department of Business and Economic Development-Office of Research at 217 E. Redwood Street, Baltimore, MD 21202, (410) 767-6435.

Businesses owning, operating, developing, constructing or rehabilitating property intended for use primarily as single- or multi-family residential property are not eligible for the enterprise zone tax credit.

Qualifying employees are those employees who:

1. Are new employees or employees rehired after being laid off for more than one year;
2. Were employed at least 25 hours per week by the business for at least six months before or during the business entity's taxable year for which a credit is claimed;
3. Spent at least one-half of their working hours in the enterprise zone on activities of the business resulting directly from its location in the enterprise zone; and
4. Were hired by the business after the later of the date on which the enterprise zone was designated or the date on which the business entity located in the enterprise zone.

In addition, an employee may not have been hired to replace an individual employed by the business in that or the three previous taxable years except an economically

disadvantaged employee hired to replace a previously qualified economically disadvantaged employee, for whom the business received the corresponding first- or second-year credit in the immediately preceding taxable year.

Economically disadvantaged employees are those who are certified as such by the Maryland Department of Labor, Licensing and Regulation-Division of Employment and Training at 1100 N. Eutaw Street, Baltimore, MD 21201, (410) 767-2047. That office will provide information relating to certification requirements for such employees.

## Specific Requirements.

**Part A-I Credit for economically disadvantaged employees.** A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the year the employee was qualified. The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$1,500 in the first year, \$1,000 in the second year, and \$500 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

**Part A-II Credit for other qualified employees.** A credit is allowed for each new qualified employee not provided in Part A-I. The credit is limited to \$500 of wages paid and is applicable for only the first year the employee was qualified.

**Part A-Summary.** Add lines 7 and 9 and enter total.

Whenever an Enterprise Zone Tax Credit is claimed against the income tax, an addition modification must be made in the taxable year for which the wages claimed as a credit were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the taxable year.

## PART B - EMPLOYMENT OPPORTUNITY TAX CREDIT

**General Requirements.** Businesses who employ persons receiving "Aid to Families With Dependent Children" (AFDC) may be eligible for tax credits based upon wages paid to qualified employees and child care expenses paid for the children of qualified employees.

Qualifying employees are those who are residents of Maryland and who, immediately before going to work for the business, were Maryland residents and recipients of state benefits from the AFDC Program. Qualified employment opportunity employees are those who are certified as such by the Maryland Department of Labor, Licensing and Regulation - Division of Employment and Training at 1100 N. Eutaw Street, Baltimore, MD 21201, (410) 767-2080.

Qualifying child care expenses are those expenses incurred by a business to enable a qualified employment opportunity employee of the business to be gainfully employed.

In addition, an employee may not have been hired to replace a laid-off employee or to replace an employee who is on strike or for whom the business simultaneously

receives federal or state employment training benefits.

A business must also notify the Maryland Department of Business and Economic Development that the qualified employment opportunity employee has been hired.

For further information on qualified individuals and the requirements businesses must meet to qualify, contact the Maryland Department of Labor, Licensing and Regulation - Division of Employment and Training at 1100 N. Eutaw Street, Baltimore, MD 21201, (410) 767-2047.

### **Specific Requirements.**

**Part B-I Credit for Qualified Employment Opportunity Employees.** A credit is allowed for each new AFDC recipient employee for a three-year period beginning with the year the employee was qualified. The credit for each AFDC recipient hired shall be equal to but may not exceed 30% of the first \$6,000 of qualified first-year wages for the first year of employment, 20% of the first \$6,000 of qualified wages for the second year of employment and 10% of the first \$6,000 of qualified wages for the third year of employment.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee (a) voluntarily leaves the employer, (b) becomes disabled or (c) is terminated for cause.

**Part B-II Credit for Qualified Child Care Expenses.** A credit is allowed for the child care expenses incurred by the employer for the children of qualified employees described in Part B-I. If the employer provides or pays for approved day care services for a child or children of the employee, the employer shall be eligible for an additional credit of \$600 for the first year of employment, \$500 for the second year and \$400 for the third year. To verify if a child care center qualifies as an approved provider, contact the Maryland Department of Human Resources, Saratoga State Center, 311 W. Saratoga Street, Baltimore, Maryland 21201, (410) 767-7822.

**Part B-Summary.** Add lines 17 and 24.

Whenever an Employment Opportunity Tax Credit is claimed against the income tax, an addition modification must be made in the taxable year for which the wages or child care expenses claimed as a credit were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the taxable year.

## **PART C - JOB CREATION TAX CREDIT**

**General Requirements.** Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created or wages paid for these qualified positions.

For information on the standards that businesses must meet to qualify, contact the Maryland Department of Business and Economic Development, 217 E. Redwood Street, Baltimore, MD 21202, (410) 767-6438.

The business facility must be certified as having created at least 60 qualified positions or at least 30 high-paying qualified positions.

A qualified employee is an employee filling a qualified position. A qualified position is a full-time position which pays at least 150% of the federal minimum wage, is located in Maryland, is newly created as a result of the establishment or expansion of a business facility in a single location in the state and is filled. Qualified business entities are those that are certified as such by the Maryland Department of Labor, Licensing and Regulation - Division of Employment and Training at 1100 N. Eutaw Street, Baltimore, Maryland 21201, (410) 767-2080.

This credit has a claw-back provision that provides that if the entity does not maintain the number of qualified positions upon which the credit was based, the credit shall be recaptured.

### **Specific Requirements.**

**Part C-I Credit for qualified employees employed by a qualified entity.** A credit is allowed for each newly created qualified filled position. The credits are limited to the lesser of \$1,000 multiplied times the number of filled qualified positions of a qualified entity during the credit year or 2.5% of the wages paid for a filled qualified position by a qualified entity for the credit year.

**Part C-II Credit for qualified employees working in a facility located in a Revitalization Area.** A credit is allowed for each newly created qualified filled position located in a Revitalization Area. The credits are limited to the lesser of \$1,500 multiplied times the number of filled qualified positions or 5% of the wages paid for a qualified position in a Revitalization Area.

**Part C-III Credit for disabled individuals employed by a qualified entity.** A credit is allowed for each full-time or part-time position created by a qualified business entity during the credit year if the employee filling the position is a disabled individual. The credits are limited to the lesser of \$1,500 per employee or 5% of the wages paid to the employee, whether or not the individual is a qualified employee.

**Part C-Summary.** Add lines 29, 33 and 37 and enter total. The unused amount of the credit may be carried over to the next year. There is no add-back requirement for the Job Creation Tax Credit. The amount of credits allowed for any credit year cannot exceed \$1,000,000. The total credit will be taken over a two-year period. One-half of the credit will be allowed each year.

## **PART D - CLEAN-FUEL VEHICLE TAX CREDIT**

**General Requirements.** Certain taxpayers who purchase alternative-fuel and electric vehicles and for certain property installed on a vehicle to permit the vehicle to be propelled by certain alternative fuels may be eligible for the tax credits based on the cost of placing these vehicles in service during the taxable year. A credit will not be allowed for (1) a vehicle that is not titled and registered in Maryland, or (2) property installed on a vehicle that is not titled and registered in Maryland, or (3) a vehicle with a gross vehicle weight of more than 26,000 pounds.

## Specific Requirements.

**Part D-I Credit for qualified clean-fuel trucks with a vehicle weight of more than 5,000 but less than 10,000 pounds.** A credit is allowed for the cost of any truck or van with a gross vehicle weight of more than 5,000 but less than 10,000 pounds that is qualified clean-fuel vehicle property under Section 179A of the Internal Revenue Code and is placed in service during the taxable year. The credit for each vehicle shall be equal to but not exceed 80% of the deduction allowed to the individual or corporation for the cost of such qualified clean-fuel vehicle property as recorded on the federal return.

**Part D-II Credit for qualified clean-fuel vehicles.** A credit is allowed for the cost of any qualified clean-fuel vehicle property not identified in D-I, and as defined and limited by Section 179A of the Internal Revenue Code and placed in service during the taxable year. The credit for each of these vehicles shall be equal to but not exceed 40% of the deduction allowed to the individual or corporation for the cost of such qualified clean-fuel vehicle property as recorded on the federal return.

**Part D-III Credit for qualified electric vehicles.** A credit is allowed for the cost of any qualified electric vehicle not identified in D-I or D-II, and as defined and limited by Section 30 of the Internal Revenue Code and placed in service during the taxable year. The credit for each vehicle shall be equal to but not exceed 40% of the credit allowed

to the individual or corporation for the cost of such qualified electric vehicle property as recorded on the federal return.

**Part D-Summary.** Add lines 44, 46 and 48. The unused amount of the credit for any taxable year may not be carried over to any other taxable year. There is no add-back requirement for the clean-fuel vehicle tax credits.

## PART E - BUSINESS TAX CREDIT SUMMARY

This part is to summarize all available tax credits reported on this form. If the total credits available in a particular tax year exceed the tax developed for that year, the excess may not be refunded.

## PART F- EXCESS CREDIT CARRYOVER CALCULATION

The excess of the Enterprise Zone Tax Credit, the Employment Opportunity Tax Credit and the Job Creation Tax Credit may be applied as a credit against the tax for the next succeeding taxable year or until:

1. All of the excess is fully applied; or
2. Expiration of the fifth taxable year after the tax year in which the wages or qualified child care expenses for which the credit is claimed were paid, whichever occurs first.

Since the excess of the Clean-Fuel Vehicle Tax Credit is not allowed to be carried over, the form provides that this credit is applied first.