

Ohio Job Creation Tax Credit Program

Instruction Guide to Completing the 2010 Annual Progress Report

Projects Approved Prior to October 2009

This document is intended to familiarize you with the Ohio Job Creation Tax Credit (JCTC) program's Annual Progress Report, Form JCTC-04. The reporting process is a statutory requirement of the program, and serves as the basis for determining annual tax credit allotments. **Note: If the Tax Credit Agreement (Agreement) lists multiple Grantees, a separate Annual Report must be filed for each Grantee.**

The Report is due prior to March 1, 2011. Once received, the amounts reported in the Report will be verified and a tax credit certificate for the reporting period will be issued. Revised Code Section 122.17(D)(7) requires the Director of Development to verify the amounts reported, and after doing so shall issue a certificate to the taxpayer stating the amounts have been verified. Each report receives a desk audit by the Ohio Department of Development staff.

The Ohio Department of Development requires that all Annual Progress Reports include a hard copy of the New Employee Summary, Form JCTC-02, with attached self audit tools. Additionally, a company may provide a copy of this form in Microsoft Excel on CD-ROM to help expedite audit process.

Section A: Taxpayer Information

Please ensure the accuracy and update any and all taxpayer information. Changes in Grantee's name or Federal Tax ID will require an amendment request from company and need to be presented and approved by Tax Credit Authority.

Line 1. The Grantee's name must appear exactly as it is listed in the Tax Credit Agreement, as registered with the Ohio Secretary of State, and as reported on the employees' W-2 forms. In case of a name change, an amended agreement must be drawn up and fully executed, after approval by the Authority, before a Tax Credit Certificate is issued.

Line 2(a). The ECDD aka Contract or Tax Incentive number is assigned by the Ohio Department of Development, where the first set of numbers indicate the year that the project was approved.

Line 2(b) North American Industry Classification System number replaces the Standard Industrial Coding System number. The North American Industry Classification System uses a six-digit hierarchical coding system to classify all economic activity into twenty industry sectors. See www.naics.com for additional information.

Line 3(a) A nine-digit Federal Employer Identification number matching the Grantee.

Line 3(b) Ohio (Charter) Registration Number, issued by the Ohio Secretary of State's office.
www.sos.state.oh.us.

Line 4 Type of Company refers to how the taxpayer files their Ohio business tax return.

Line 5 Report the Commercial Activities Tax Registration number; usually a nine digit number beginning with the number 9.

Section B: Contact Information

Confirm the correct name, title, and mailing address. Be sure to update and **include the e-mail address**. This section is how we correspond with Grantees in regards to their Tax Credit agreements and Annual Progress reports. Any changes throughout the year should be conveyed to the Ohio Department of Development staff.

Section C: Project Information

Line C(1) includes the date on which the Authority approved the Project and the date on which the Agreement was fully executed (signed by the Director of the Ohio Department of Development).
NOTE: that if the line indicating the Date Signed by Director is blank, a tax credit cannot be issued for the reporting period, until a fully executed Agreement is in place.

Line C(2) is intended to provide an explanation for why an Agreement has not been generated.

Line C(3) is the physical address of the location of the project as stated in Paragraph 11 of the Agreement.

Line C(4a) is the first year for tax credit benefits begin and corresponds to Paragraph 2 of the Agreement.

Line C(4b) is the rate approved by the Authority to be applied to Ohio tax withholdings for tax credits.

Line C(5) is the date on which the taxpayer's facility and equipment are in a condition sufficient to allow for the initiation of substantial project activities. (See OAC 122:7-1 (B)). This date is used in determining the starting period that a project has to meet its three (3) year commitment levels. The date will be after the date the project was approved and before the last day the first reporting taxable year.

Section D: Job Creation and Retention Performance in the Project at the Project Site **(Data from Form JCTC-02)**

To verify the information contained in Sections D and F, the Grantee is required to complete the New Employee Summary, Form JCTC-02. This form provides a detailed listing of new employees, retained employees, and terminated employees. New and Terminated full-time employees, excluding Retained, qualify for tax credit benefits.

For the line items in Section D, enter the Grantee's Actual Employment activity related to the Project, at the project's location. The job numbers reported are as of the last day of the taxable year ie. similar to taking a "snap shot" in time.

1. Enter the number of TOTAL full-time employees at the Project Site. This job number should reflect new, retained, and any Ohio transferred or relocated individuals that will be broken out separately on Lines D3 – D5.
2. The number of employees that do not meet the full-time employment requirements of the program. This includes part-time, seasonal and other individuals not being compensated for at least 35 hours per week.
3. Transferred employees are full-time employees employed by the taxpayer in another political subdivision in the state other than the political subdivision in which the project is located that are relocated to the project location and whose positions are backfilled in the first political subdivision. Such transferred employees relocated to the project location after the authority approved the project for a tax credit shall not be considered new employees. (See OAC 122:7-1-01 (O)) Attach a letter explaining any employees reported in this section.
4. Retained employees are full-time employees employed in the project at the project location on the date the authority approves the project. This is a Grantee's baseline to be maintained throughout the Term of the agreement. In the case when a retained employee leaves the company at the project site, that individual must be replaced by a new employee prior to claiming tax credits as New. The retained project commitment should be defined in the Tax Credit agreement under section "Job Creation and Retention." This reported jobs numbers should be the number of retained employees from the "Retained Employees" tab in form JCTC-02. (See OAC 122:7-1-01 (K))
5. This must be the number of employees listed on the "New Employees" tab of form JCTC-02.

A new full-time employee is an individual who is employed for consideration for an average of at least thirty-five hours a week. Also, they must be first employed by a taxpayer in the project after the Tax Credit Authority approved the project. (See ORC 122.17 (A)(2) and OAC 122:7-1-01 (G)) Note: New employees may include anyone meeting full-time guidelines with hire dates after the authority approval date, Line C1, and over and above the approved retained/baseline job commitment number. This job number is cumulative and can include employees hired in prior taxable years that remain employed on last day of taxable year, so long as their hire dates are after Tax Credit Authority approval date. Remember that the committed retained numbers are to be maintained first and any retained terminated person is to be replaced by a new person first. Then you may begin to count the new hires for tax credit purposes.

Section E: Other Project Commitments

This Section is to report information regarding the Grantee's actual fixed-asset investment (taken from Form JCTC-03) in the Project through the reporting period being reported; and the actual number of Disadvantaged and/or Minority persons employed by the Grantee in the Project (Use Form JCTC-01).

1. Report cumulative fixed-asset investment dollar amount, at cost, invested in building, land, machinery & equipment, computers, and infrastructure related to project at the site location.
(See ORC 122:7-1-01 (F))

2. "Minority person" means an Ohio resident who is a member of one of the following groups:
Black or African Americans, American Indians, Hispanics or Latinos, and Asians.

"Disadvantage person" means a resident of Ohio who is meets at least one of the following criteria:

- (1) Is a person currently receiving unemployment compensation or has not held a full-time job for at least the last four months;
- (2) Is certified as having a disability by the state of Ohio's rehabilitation services commission or bureau of workers' compensation, or who is considered disabled under the Americans with Disabilities Act;
- (3) Is eligible for Workforce Investment Act program assistance; or
- (4) Is a person whose total gross annual income is less than the annual equivalent of one-hundred fifty percent of the federal minimum wage, or is part of a household of two or more persons whose total gross annual income is less than the annual equivalent of three-hundred percent of the federal minimum wage.

Section F: Actual State Taxable Wages and Withholdings

(Data from Form JCTC-02)

The Ohio payroll and income tax withholdings must agree with W-2 data and/or payroll reports. This information is also to be reported on a cash basis and not an accrual basis. The payroll reported is the amount paid out during the taxable year only. Payroll and taxes withheld in subsequent year does not qualify for current tax credits and is NOT to be reported on current annual report.

1. The average hourly base rate of the eligible new full-time employees reported on Line D5 must be entered on this line. To compute this figure, sum the actual hourly wage rate for each of the new full-time employees (as of the end of the reporting period) and divide by the number of new full-time employees reported in Section D. This is calculated in the base wage column of Form JCTC-02. **Do not include base wage rates for terminated employees or non Ohio Employees.**

2. The Ohio taxable payroll related to the eligible new full-time employees at the Project Location must be entered on this line. This figure should include both the payroll for the new full-time Ohio employees and the payroll value of any new full-time employee terminated during **the reporting period**.
3. Enter on Line 3 the actual new Ohio income tax revenue withheld from the eligible, new full-time employees for the reporting period using the same method as used on Line 2. “New income tax revenue” means the total amount withheld under section 5747.06 of the Revised Code by the taxpayer during the taxable year, or during the calendar year that includes the tax period, from the compensation of new employees for the tax levied under Chapter 5747 of the Revised Code. (See ORC 122.17(A)(3))

The Grantee is hereby advised that if the staff in the Office of Tax Incentives is unable to verify the accuracy of any information provided by the Grantee in the Report, then the issuance of a tax credit certificate may be delayed or withheld. Further, the items listed above are intended to familiarize the Grantee with the Job Creation Tax Credit program’s annual reporting process; this sheet is for informational purposes only.

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