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Nebraska Department of REVENUE

# Nebraska Advantage Act Incentive Computation

**for use with Forms 1120N, 1120-SN, 1120NF, 1065N, 1041N, and 1040N**

**• Application date on or after September 6, 2013.**

FORM **312N**



| Name on Return | Nebraska ID or Social Security No. | Federal ID Number | Year End |
|---|---|---|---|
| | | | |

| Project Number | Date of Application | Type of Return |
|---|---|---|
| | | ☐ 1120N ☐ 1120-SN ☐ 1120NF ☐ 1065N ☐ 1041N ☐ 1040N |

| Project Location | Business Classification Code | Tier Selected in Nebraska Advantage Act Agreement |
|---|---|---|
| | | ☐ Tier 1 ☐ Tier 2 ☐ Tier 3 ☐ Tier 4 ☐ Tier 5 ☐ Tier 6 |

| Name of Contact Person | Phone Number | Email Address |
|---|---|---|
| | | |

## Eligibility Survey

**1** Does the project include a political subdivision or an organization that is exempt from income taxes under § 501(a) of the Internal Revenue Code (IRC)? . . . . . ☐ YES ☐ NO

**If the answer is Yes,** your project includes an entity that cannot participate in the incentive program. STOP HERE. Contact the Nebraska Department of Revenue before completing the remainder of the form.

**2** Has there been any change in the project ownership, entities, locations, or business activities during the year that has not been reported? . . . . . ☐ YES ☐ NO

**If the answer is Yes**, complete and attach Schedule III.

**3 a** Have you timely verified the work eligibility of all newly-hired Nebraska employees through the E-Verify system operated by the the United States Citizenship and Immigration Service? ☐ YES ☐ NO

**b** Have the hours worked by, and compensation paid to any employee who is not eligible to work in Nebraska, according to E-Verify, been excluded from the project calculations? . . . . . ☐ YES ☐ NO

**If the answer to either 3a or 3b is No,** revise the computation of benefits to exclude the hours and wages for employees hired after the date of application and not timely verified, or for unauthorized Nebraska employees.

Nebraska Department of REVENUE

# Nebraska Advantage Act Incentive Computation

**for use with Forms 1120N, 1120-SN, 1120NF, 1065N, 1041N, and 1040N**

FORM **312N** Page 2

| Name on Return | Project Number | Tier | Date of Application | Nebraska ID Number | Year End |
|---|---|---|---|---|---|
| | | | | | |

## Section 1 — Analysis of Employment

**Statewide** Information for Unitary Group (Report **Head Count**)

| | | A Calendar Quarter ___/___/___ | B Year End ___/___/___ |
|---|---|---|---|
| 1 Column A. Enter the last day of the calendar quarter prior to the application date. Column B. Enter the last day of the year reported on this return | 1 | | |
| 2 Number of paychecks issued in this last pay period | 2 | | |
| 3 Average annual employee compensation | 3 | | |

**Project** Information [Report Full-time Equivalent (FTE) Information]

| | | |
|---|---|---|
| 4 Adjusted base-year FTEs (Schedule A, FTE column, line 5) | 4 | |
| 5 Average compensation for new employees (Schedule A, line 12) | 5 | |
| 6 Income tax withholding ratio for Tiers 1, 2, 3, 4, and 6 (Schedule A, line 18) | 6 | |
| 7 FTE growth (Schedule A, line 11) | 7 | |

## Section 2 — Analysis of Investment

| | | |
|---|---|---|
| 8 Direct refunds for current year investment | 8 | |
| 9 Current year investment of qualified property (Schedule B, line 6) | 9 | |
| 10 Cumulative net investment in the project (Schedule B, line 12) | 10 | |

## Section 3 — Establishment and Usage of Tax Credits

| | | Investment Credit | Compensation Credit |
|---|---|---|---|
| 11 a Tax credits carried forward from prior year's filing (Form 312N, Page 2, line 21) | 11a | | |
| b Change of tax credits from amended filing (Form 312XN, line 21) | 11b | | |
| c Adjustment for recapture or Department determination (Attach an explanation) | 11c | | |
| d Total tax credits carried forward (add lines 11a, 11b, and 11c) | 11d | | |
| 12 Compensation credits used to offset income tax withholding | 12 | | |
| 13 Tax credits used for sales or use tax refunds | 13 | | |
| 14 Tax credits used for refunds of real estate taxes paid (Tiers 2LDC and 6 only) | 14 | | |
| 15 Remaining balance of tax credits carried forward (line 11d minus lines 12, 13, and 14) | 15 | | |
| 16 Compensation credit earned (Schedule A, line 15) | 16 | | |
| 17 Investment credit earned (Schedule B, line 16) | 17 | | |
| 18 Total available tax credits (add lines 15, 16, and 17) | 18 | | |
| 19 Tax credits used in current year against income tax liability (enter here and on Form 3800N, line 6) | 19 | | |
| 20 Tax credits distributed to partners, shareholders, members, patrons, or beneficiaries (Schedule II, line 1) | 20 | | |
| 21 Ending balance of tax credits to be carried forward to next year (line 18 minus lines 19 and 20) | 21 | | |

# Instructions For Nebraska Advantage Act Incentive Computation, Form 312N

**Caution**

There are multiple versions of the schedules and instructions for this form that are based on the date of application. You must use the appropriate version to calculate benefits correctly.

Taxpayers with multiple projects may need to use a different version for each project.

**Who Must File.** Any taxpayer who has filed an application for a Nebraska Advantage Act (Act) project must file a Form 312N with supporting schedules, for each year beginning with the filing of the application through the expiration of all tax incentives under the Act.

**Applications dated prior to September 6, 2013.** A Form 312N for each tax year must be filed by the taxpayer that is the project owner at the end of the tax year.

**Applications dated on or after September 6, 2013.** If there is more than one project owner during the calendar year, a Form 312N for the entire year must be filed by the taxpayer that is the project owner as of December 31.

**When And Where To File.** The Form 312N and supporting schedules must be filed as an attachment to the taxpayer's Nebraska income tax, financial institution, or partnership return. For applications on or after September 6, 2013, Form 312N for the calendar year must be filed with the taxpayer's return for the taxable year which includes December 31 of the year reported. However, the taxpayer may elect to provide the form reporting the initial attainment of the minimum levels to the Nebraska Department of Revenue (Department) prior to the filing of the income tax return for the year of qualification.

Failure to complete the Form 312N and supporting schedules will be considered a violation of the terms of the project agreement and will be grounds for delay or termination of benefits.

The information required depends on the tier selected, type of entities in the project, and whether the project has changed.

## Required Documents

| Reference | Title | Tier Option | When to File |
|---|---|---|---|
| Page 1 | Eligibility Survey | All Tiers | Year of application through the expiration of all tax incentives. |
| Page 2 | Incentive Computation | | |
| Schedule A | Employment Calculation | | |
| Schedule B | Investment Calculation | Tiers 1, 2, 4, 5, and 6 | |
| Schedule I | Estimated Sales or Use Tax Refunds | All Tiers | Year of application through the end of the carryover period. |
| Schedule II | Ownership Analysis and Distribution of Tax Credits | | Each year the project is owned by or includes a flow-through entity, or there is a distribution of credits. |
| Schedule III | Changes to the Project | | Each year there is a change of the project definition or ownership. |
| Schedule IV | Ownership Verification Statement (Applications dated before September 6, 2013) | | Each year the project is owned by a flow-through entity that includes an owner who is not an individual. |

**How To Amend.** When correcting a prior year's filing, complete the Form 312XN, revise the supporting schedules, and attach these to an amended income tax return, financial institution, or partnership return.

## General Instructions

1. Follow the specific line instructions provided for each page and schedule.
2. **Rounding instructions**.
   - For all dollar values, enter amounts in whole dollars. Do not include cents. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.
   - Follow the separate instructions for Schedule A concerning rounding of hours, full-time equivalent (FTE) employees, and the income tax withholding ratio.
   - The project must attain the minimum levels of investment and employment without any benefit from mathematical rounding or truncation.

3. **Time Periods.** The required information varies for the project's attainment, entitlement, and carryover period and by the tier selected. The maximum life of a project impacts the length of the entitlement or carryover period for certain tiers. Refer to the table below for information on time periods for each tier.

| Time Period | Tier 1 | Tier 2 | Tier 3 | Tier 4 | Tier 5 | Tier 6 |
|---|---|---|---|---|---|---|
| Attainment | 5 years | 7 years | 5 years | 7 years | 7 years | 5 years |
| Entitlement | 6 or 7 years* | 7 years | 6 or 7 years* | 7 years | 7 years | 10 years |
| Carryover | 0 to 3 years* | 2 to 8 years* | 0 to 3 years* | 2 to 8 years* | N/A | 1 year |
| Maximum Life | 10 years | 15 years | 10 years | 15 years | 13 years | 15 years |

*Time periods are limited by the maximum life of the project.

4. References to Tier 2 in this form include Tier 2, Tier 2 Web Portal or Data Center, and Tier 2 Large Data Center (Tier 2LDC) applications. References to Tier 5 in this form include Tier 5, Tier 5 Renewable Energy, Tier 5 Web Portal or Data Center, and Tier 5 Large Data Center (Tier 5LDC) applications.

## Terms

Refer to the Nebraska Advantage Act statutes for statutory definitions of terms. The definitions stated in these instructions do not supersede, alter, or otherwise change any provisions of the Nebraska tax code, regulations, Department rulings, or court decisions.

**Applicant.** An applicant is one or more persons listed in the application, or in an amendment to the application, who performs the qualified business activities at the project, and is part of the taxpayer as defined.

**Attainment Period.** The attainment period is the number of years, including the year of application, allowed for the applicant to meet the minimum levels of investment and employment.

**Tiers 1, 3, and 6.** The applicant must meet the minimum levels within five years.

**Tiers 2, 4, and 5.** The applicant must meet the minimum levels within seven years.

**Base Year.** The base year is the year prior to the year of application. For a Tier 5LDC project, the base year is the last year of the Tier 2LDC entitlement period relating to direct sales tax refunds.

**Base-Year Employee.** A base-year employee is an individual who is employed at the project and subject to Nebraska income tax on compensation received from the taxpayer or its predecessors during the base year.

Base-year employee also includes an individual who was subject to Nebraska income tax on compensation received from:

- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and/or
- The taxpayer or its predecessor, during the 366 days prior to the date of application, if business activities were moved to what is now the project.

**Carryover Period.** The carryover period starts after the end of the entitlement period. No additional credits are earned during the carryover period.

**Tiers 1 and 3.** Credits may not be carried over more than nine years after the year of application.

**Tiers 2 and 4.** Credits may not be carried over more than 14 years after the year of application.

**Tier 6.** Credits may not be carried over more than one year past the end of the entitlement period.

### Compensation.

**Applications dated before July 15, 2010.** Compensation means wages and other payments subject to income tax withholding for federal income tax purposes.

**Applications dated on or after July 15, 2010.** Compensation means wages and other payments subject to the federal Medicare tax.

**Credit Refund of Sales and Use Taxes.** A credit refund is a refund to the applicant of Nebraska and local sales and use taxes paid on otherwise non-refundable purchases made after the year the minimum levels of investment and employment were met, through the end of the carryover period. The credits used must have been earned in a prior year.

**Tiers 1, 2, 3, and 4.** Purchases eligible for the credit refund must have been used at the project. A Tier 1 applicant may claim 50% of sales and use taxes paid on qualified property placed in service after the year of qualification as a credit refund.

**Tiers 2LDC and 6.** The purchases eligible for a credit refund must have been used in Nebraska.

**Direct Refund of Sales and Use Taxes.** A direct refund is a refund to the applicant of Nebraska and local sales and use taxes paid on the purchase or lease of qualified property for use at the project, or on the purchase or lease of an aircraft for use in connection with the project, which is placed in service during the attainment or entitlement period. For Tier 1 projects, only 50% of the sales and use taxes paid are eligible for a direct refund. An unrelated owner of a building leased to the applicant can file for a direct refund of sales tax paid on property incorporated into real estate.

**Entitlement Period.** The entitlement period includes the years when the project may both earn and use credits. No credits are earned in a year in which the project does not maintain the minimum levels of investment or employment. The entitlement period begins the year the minimum investment and employment increases are met.

**Tiers 1 and 3.** The entitlement period continues until the end of the ninth year following the year of application, or the sixth year after the year the minimum increases of investment and employment were met, whichever is earlier.

**Tiers 2, 4, and 5.** The entitlement period continues until the end of the sixth year after the year the minimum increases of investment and employment were met.

**Tier 6.** The entitlement period continues until the end of the ninth year after the year the minimum increases of investment and employment were met.

**Equivalent Employees.** Equivalent employees means the number of employees computed by dividing the total hours paid in a year by the product of 40 times the number of weeks in a year.

**Investment.** Investment is the value of qualified property incorporated into or used at the project. For qualified property owned by the taxpayer or leased from a related person, the value is the amount capitalized and depreciated for federal tax purposes. For qualified property leased by the taxpayer from an unrelated person, the average net annual rent is multiplied by the number of years of the lease for which the taxpayer was originally bound, not to exceed ten years. This includes land that is rented in connection with, and incidental to, a building that is leased.

**Motor Vehicle.** Motor vehicle means any motor vehicle, trailer, or semitrailer as defined in the Motor Vehicle Registration Act and subject to registration for operation on the highways.

**Nebraska Average Weekly Wage.** The Nebraska average weekly wage for any calendar year means the most recent average weekly wage paid by all employers in all counties in Nebraska as reported by the Department of Labor on October 1 of the calendar year prior to application.

**Number of New Employees.** The number of new employees is equal to the **lesser** of the Method 1 or Method 2 calculations.

**Method 1.** Subtract the number of equivalent base-year employees from the number of equivalent employees who are employed at the project during the current year.

**Method 2.**

- Tiers 1, 2, 3, and 4. Calculate the number of equivalent employees at the project who are not base-year employees and who are paid wages at a rate of at least 60% of the Nebraska average weekly wage for the calendar year of application.
- Tier 6. Calculate the number of equivalent employees at the project who are not base-year employees and who are paid compensation at a rate equal to or greater than the Tier 6 weekly required compensation for the calendar year of application. The employee must be paid a wage equal to 200% of the county average weekly wage for the county or counties in which the project is located or 150% of the state average weekly wage, whichever is greater. If the project is located in more than one county, the highest county average weekly wage will be used to determine the Tier 6 weekly required compensation.

**Project.** The application and approved amendments define the project. This includes defining the qualified business activities that will be engaged in, the person conducting the qualified business activities, and the location of the project.

**Project Owner.** The project owner is the parent company of the taxpayer who applied. If the project is transferred, the project owner is the parent company of the taxpayer to whom the project is transferred in its entirety.

**Qualified Business.** An applicant must be conducting a qualified business activity at a project location. The qualified business activities differ by the tier selected and the year of application. For a complete list of qualified business activities, refer to Neb. Rev. Stat. § 77-5715 for the year of application. Click here for a list of current qualified business activities.

**Qualified Employee Leasing Company.** Qualified employee leasing company means a company which places ALL employees of a client-lessee on its payroll and leases them to the client-lessee on an ongoing basis for a fee. The written agreement between the employee leasing company and a client-lessee must grant the client-lessee input into hiring and firing the employees leased to the client-lessee.

**Qualified Property.** Qualified property is any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, as amended (IRC), or the components of such property, that will be located and used at the project. Qualified property does not include: (1) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft; or (2) property that is rented by the taxpayer to another person.

Qualified property of the taxpayer, which is located at the Nebraska residence of a teleworker working on tasks interdependent with the work performed at the project, is deemed to be located and used at the project.

**Rate of Pay.** The rate of pay is the amount used to determine if an employee meets or exceeds the required wage level for the calculation of the number of new employees.

**Related Persons.** Related persons means any corporations, partnerships, limited liability companies, or joint ventures which are or would otherwise be members of the same unitary group, if incorporated, or any persons who are considered to be related persons under either IRC § 267(b) and (c) or IRC § 707(b).

**Recapture of Benefits.** Recapture is a reduction in benefits when the taxpayer fails to maintain the minimum levels of investment or employment for all years during the entitlement period. If a project in a tier eligible for property tax exemptions does not meet the minimum investment and employment levels, the taxpayer owes recapture of property tax exemptions already received in the attainment period. Recapture also includes any refunds or reductions in tax to which the taxpayer was not entitled. Contact the Department for additional information.

**Taxpayer.**

**Applications Dated Before July 15, 2010**. A taxpayer is any person subject to sales and use taxes under the Nebraska Revenue Act of 1967 and subject to income tax withholding under Neb. Rev. Stat. § 77-2753; and any corporation, partnership, limited liability company, cooperative, including a cooperative exempt under IRC § 521, as amended, limited cooperative association, or joint venture that is or would otherwise be a member of the same unitary group, if incorporated, that is subject to sales and use taxes or income tax withholding. Taxpayer does not include a political subdivision or an organization that is exempt from income taxes under IRC § 501(a), or any partnership, limited liability company, cooperative, including a cooperative exempt under IRC § 521, as amended, limited cooperative association, or joint venture in which political subdivisions or organizations described in IRC § 501(c) or (d) hold an ownership interest of **10% or more**.

**Applications Dated July 15, 2010 to September 5, 2013**. A taxpayer is the same as referenced above, except political subdivisions or organizations described in IRC § 501 (c) or (d) cannot hold an ownership interest of **20% or more**.

**Applications Dated on or After September 6, 2013**. A taxpayer is any person subject to sales and use taxes under the Nebraska Revenue Act of 1967 and subject to income tax withholding under Neb. Rev. Stat. § 77-2753; and any entity that is or would otherwise be a member of the same unitary group, if incorporated, that is subject to sales and use taxes and income tax withholding. Taxpayer does not include a political subdivision or an organization that is exempt from income taxes under IRC § 501(a), as amended. Political subdivision includes any public corporation created for the benefit of a political subdivision and any group of political subdivisions forming a joint public agency, organized by interlocal agreement, or utilizing any other method of joint action.

**Year.**

**Applications Dated Before September 6, 2013.** The year is the federal taxable year of the taxpayer.

**Applications Dated on or After September 6, 2013.** The year is a calendar year.

## Instructions for Form 312N, Page 1

Form 312N, Page 1, must be completed for each project for each year of the attainment, entitlement, and carryover periods. This page is required for each year through the expiration of all tax incentives.

### Specific Instructions

**Nebraska ID Number.** Enter the Nebraska ID number assigned by the Department, or the individual's Social Security number.

**Federal ID Number.** Enter the Federal ID number assigned by the Internal Revenue Service.

**Year End.** Enter the last day of the year reported on this Form 312N.

**Project Number.** Enter the project number stated in the heading of the project agreement.

**Tier.** Enter the tier stated in the first paragraph of the project agreement.

**Date of Application.** Enter the date of application shown in paragraph 1(a) of the project agreement.

**Business Classification Code.** Enter the six-digit number that best describes the project's principal business activity in Nebraska. The business classification codes may be found on the Department's website.

**Name of Contact Person.** Enter the name of the individual authorized to receive and provide information to the Department on the Form 312N and supporting schedules. Designating a contact person gives that individual a limited power of attorney for the information on the Form 312N. The contact person has authority to receive confidential information on behalf of the taxpayer and to provide additional information.

**Email Address.** If you allow the Department to contact you by email, you accept any risk of loss of confidentiality associated with this method of communication.

**Eligibility Survey.** The eligibility survey asks questions about ownership, entity structure, and project changes which determine eligibility for participating in the Act.

Refer to Revenue Ruling 29-13-3 for consequences of not timely verifying an employee's work eligibility.

# Instructions For Form 312N, Page 2

## General Instructions

The project's investment level, employment level, and utilization of tax credits are summarized on Form 312N, Page 2.

Each year must be reported on a separate Form 312N. Many of the numbers reported on Page 2 are calculated on a supporting schedule. See the supporting schedule and its instructions for information on how to calculate the required data.

If a correction to a prior year's Form 312N is needed, complete a Form 312XN, revise the supporting schedules, and attach to an amended income tax return.

1. Section 1, the Analysis of Employment, requires statewide and project-specific employment information for the Nebraska Department of Revenue's Annual Report on Incentives, required by Neb. Rev. Stat. § 77-5731.
2. The attainment or maintenance of levels at the project is based upon the cumulative net project investment on line 10 AND the number of new FTE employees on line 7.

## Section 1 — Analysis of Employment

## Specific Instructions

**Lines 1 Through 3.** The information reported relates to the taxpayer's unitary, statewide activity, even if the project is limited to only a portion of the taxpayer's statewide activities.

**Line 2.** Report the statewide employee head count on the last day of the calendar quarter prior to application and the last day of the year reported on this return for the taxpayer's unitary business. This is the number of employees paid in the last pay period prior to the date entered on line 1. An individual employee counts as one regardless of how many hours the individual worked in the pay period. If there is an acquired Nebraska business added to the project, increase the Calendar Quarter column to include the head count of the other business at the date of acquisition.

**Line 3. Applications dated prior to July 15, 2010**. For the 12-month period ending on the date on line 1, the average annual employee compensation is equal to the wages subject to income tax withholding for all employees working in Nebraska for all members of the unitary group, divided by the number of Forms W-2 issued to employees working in Nebraska during the year.

**Applications dated on or after July 15, 2010**. For the 12-month period ending on the date on line 1, the average annual employee compensation is equal to the Medicare wages for all employees working in Nebraska for all members of the unitary group, divided by the number of Forms W-2 issued to employees working in Nebraska during the year.

**Lines 4 Through 7.** The information reported on these lines is limited to activity at the defined project. The information reported is based upon a calculation on Schedule A.

## Section 2 — Analysis of Investment

**Line 8.** After the project meets or exceeds the minimum levels of investment and employment and the Department has issued a notice of qualification, the applicant may file a Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I, for a direct refund. An applicant for a Tier 2, 4, 5, or 6 project may file for a direct refund of ALL sales and use taxes paid on qualified property; while a Tier 1 project may file for a direct refund of 50% of the sales and use taxes paid.

The project is eligible for a direct refund on qualified property placed in service during each year of the entitlement period in which the project meets or exceeds the minimum levels of investment and employment. In the first year the project meets or exceeds the minimum levels of investment and employment, the direct refund may include taxes paid on all qualified property since the date of application.

Enter the direct refund amount for the year reported. Prior to meeting the minimum levels of investment and employment, enter zero (-0-).

## Section 3 — Establishment and Usage of Tax Credits (Tiers 1, 2, 3, 4, and 6)

**Line 11a.** The credit balance reported on the prior year's Form 312N must be reported on line 11a.

**Line 11b.** Any change to the previously reported credit balance due to a change in tax credits claimed, income tax usage, or a distribution of tax credits must be reported on a Form 312XN and on line 11b.

**Line 11c.** Enter an adjustment to the credit balance due to recapture, a Department audit, or another Department approved correction. This line cannot be used to report a change in tax credits earned on lines 16 or 17 in a previous year, or a change in credit usage on lines 12, 13, 14, 19, or 20 of the Form 312N. Refer to the outline below for information on how to change the credit usage.

- Income tax. File an amended income tax return and Form 312XN. Report the change in income tax usage on Form 312XN, line 19b.
- Distribution of tax credit. File an amended income tax, financial institution, or partnership return, Form 312XN, and a revised Schedule II. Record the additional amount to be distributed on Form 312XN, line 20. The amount of tax credit previously distributed cannot be reduced.

- Sales and use taxes. File Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I, to claim an additional credit refund. For a reduction to the credit usage, submit a detailed letter which includes an explanation of the change, a list of items previously refunded, and a copy of the previously-approved refund.
- Income tax withholding. File an amended Nebraska Income Tax Withholding Return, Form 941N.
- Real estate tax. File amended Claim for Refund of Real Property Taxes, Form 312RP (Tiers 2LDC and 6 only).

After all benefits have been processed for the entitlement period, a project that is in recapture must reduce the end of entitlement period credit balance by an amount dependent on the number of years of recapture and the date of application. The remaining investment and compensation credit must be adjusted proportionally. Contact the Department for additional information on how to calculate the recapture adjustment.

**Line 12.** Enter compensation credits used in the year to offset income tax withholding on any Forms 941N approved by the Department.

**Line 13.** Enter tax credits used in the year for sales or use tax refunds on any Forms 7-I approved by the Department.

**Line 14.** Enter tax credits used for reimbursement of real estate taxes on any Forms 312RE approved by the Department.

**Line 16.** This line is only completed for years in the entitlement period.

If the project meets or exceeds the minimum levels of investment on line 10 and employment on line 7, enter the compensation credits earned (Schedule A, line 15).

If the taxpayer failed to maintain the project at the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed. Contact the Department for additional information.

**Line 17.** This line is only completed for years in the entitlement period.

If the project meets or exceeds the minimum levels of investment on line 10 and employment on line 7, enter the investment credits earned (Schedule B, line 16).

If the taxpayer failed to maintain the project at the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed. Contact the Department for additional information.

**Line 21.** The ending balance of tax credits calculated on line 21 should be carried forward to the following year's Form 312N, Page 2, line 11a.