

**Schedule A — Nebraska Advantage Employment**

• Application date on or after September 6, 2013

Name on Return		Project Number	Tier	Date of Application	Nebraska ID Number	Year End
Required Rate of Pay	Salaried: Payroll Frequency and Number Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods		Weeks Paid in the Base Year	Weeks Paid in the Current Year	

Section A — Base-Year Employees	Hours Paid	FTE [Hours/ (40xwks pd in yr)]
1 Enter the adjusted number of base-year employee hours from prior year's Form 312N, Schedule A, line 5 (for calculation in year of application, see instructions) . . . . .	1	
<b>Current year addition to base-year hours.</b>		
2 Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to the project . . . . .	2	
3 Moved a Nebraska business to the project: Hours paid to the employees of the moved business in the 366 days prior to the date of application . . . . .	3	
4 Acquired a Nebraska business and added it to the project: Hours paid at the acquired business in the 366 days prior to the date of acquisition . . . . .	4	
5 Adjusted number of base-year employee hours (In the Hours Paid column, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year.) . . . . .	5	

Section B — Current Year At The Project ____/____/____	Compensation Subject to Medicare Tax	Hours Paid	FTE [Hours/ (40xwks pd in yr)]
<b>6 Current year compensation and hours paid to base-year employees or to new employees paid less than the required rate of pay.</b>			
a Employees included in Section A calculation with current year hours . . . . .	6a		
b New (non-base year) employees who did not earn the required rate of pay for the year . . . . .	6b		
c Total (add lines 6a and 6b) . . . . .	6c		
<b>7 Current year compensation and hours paid to new employees who earned the required rate of pay.</b>			
a New (non-base year) employees who earned the required rate of pay for the year . . . . .	7a		
b New employee compensation in excess of \$1 million (included in line 7a) . . . . .	7b		
c Total (In the Compensation column, subtract line 7b from 7a. In the Hours Paid column, enter the amount from line 7a. In the FTE column, divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year.) . . . . .	7c		
8 Project total of compensation, hours paid, and FTE (In the Compensation and Hours Paid columns, add lines 6c and 7c. In the FTE column, divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year.) . . . . .	8		

Section C — Number of Full-Time Equivalents (FTE)	FTE
9 Method 1: Overall project growth (line 8 FTE column minus line 5 FTE column) . . . . .	9
10 Method 2: Increase in new employees who earned the required rate of pay (line 7c FTE column) . . . . .	10
11 FTE growth: Lesser of lines 9 and 10. Enter here and on Form 312N, Page 2, line 7 . . . . .	11

Section D — Compensation Credit		
12 Average compensation (line 7c Compensation column divided by line 7c FTE column). Enter here and on Form 312N, Page 2, line 5 . . . . .	12	
13 Computed annual compensation of new employees (line 11 multiplied by line 12) . . . . .	13	
14 Compensation credit percentage based on project average compensation computed on line 12 (see instructions) . . . . .	14	%
15 Compensation credit for the year (multiply line 13 by line 14). Enter here and on Form 312N, Page 2, line 16 . . . . .	15	

Section E — Income Tax Withholding Ratio	
16 a Non-project Nebraska compensation for activities included in Nebraska income tax withholding return . . . . .	16a
b Nebraska compensation for employees with project compensation, but no current year hours . . . . .	16b
c Nebraska compensation in excess of \$1 million for new employees (line 7b Compensation column) . . . . .	16c
d Nebraska compensation for employees at the project not timely verified or unauthorized to work in Nebraska . . . . .	16d
e Total (add lines 16a, 16b, 16c, and 16d) . . . . .	16e
17 Total Nebraska compensation subject to Medicare tax [add lines 8 (Compensation column) and 16e] . . . . .	17
18 Income tax withholding ratio (line 13 divided by line 17). Enter here and on Form 312N, Page 2, line 6 . . . . .	18
19 Nebraska compensation subject to income tax withholding included on the Nebraska withholding return. . . . .	19

## Instructions for Schedule A (Tiers 1 to 4)

Schedule A must be completed and filed as part of the Form 312N for each year of the project through the expiration of all tax incentives.

### Instructions for Boxes in the Heading

**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 the application shown in paragraph 1(a) of the project agreement.

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

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

**Required Rate of Pay.** Enter the required annual rate of pay stated in paragraph 5(a) of the project agreement.

#### **Salaried and Hourly. Payroll Frequency and Number of Pay Periods.**

1. Enter the payroll frequency, such as weekly, biweekly, semimonthly, or monthly.
2. Enter the total number of pay **dates** in the year being reported. Count every pay date even if a payment was not issued on that date.

The following factors may affect the number of pay dates:

- If employees are paid on the same day of the week, it may result in an extra pay date in the year;
- If the taxpayer or its predecessor was in existence prior to hiring the first employee; or
- If the taxpayer and its predecessor was not in existence for the entire year.

**Weeks Paid in the Base Year.** Enter the number of weeks paid in the base year.

**Weeks Paid in the Current Year.** Enter the number of weeks paid in the year reported.

### General Instructions Schedule A

Schedule A is used to calculate the employment growth at the project, the compensation credit earned, and the income tax withholding ratio used for retention or refund of Nebraska income tax withholding.

The employment growth equals the lesser of the overall project employment growth (Method 1), or the growth in new employees hired after the base year and earning the required rate of pay (Method 2). Method 1 and Method 2 utilize a full-time equivalent (FTE) calculation based on an increase in hours paid at the project.

- Hours included in the FTE employee calculation are hours paid in the year for time worked and for leave time used instead of work (for example, hours recorded for regular, overtime at straight time, vacation, holiday, jury, funeral, and sick leave).
- Hours recorded in the payroll system to generate additional compensation cannot be included in the FTE employee calculation (for example, vacation pay upon termination, hours recorded to generate a bonus or severance payment, or to generate overtime pay differential, and short term disability reimbursed by a third party).
- Hours included in the calculation of Schedule A are limited to hours paid to employees of an entity within the project. All independent contractors and leased employees are excluded, unless the employment situation meets the requirements of a qualified employee leasing company.
- A salaried employee who receives a predetermined amount of compensation each pay period is considered to have worked forty hours per week.
- If an employee other than a teleworker is paid solely on commission and is eligible for all employee benefits, include hours for this employee as if the employee is a salaried employee. If a teleworker is paid solely on commission or on a per-item basis, exclude all hours for this employee.

### Section A – Base-Year Employees

#### General Instructions

Section A calculates the number of equivalent base-year employees.

Base-year employees include individuals who were employed in Nebraska and subject to the Nebraska income tax on compensation received from:

- The taxpayer or its predecessors during the base year;
- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and
- The taxpayer or predecessor during the 366 days prior to the date of application for a move of business activities to the project from another Nebraska location.

The number of base-year employees will not decrease. However, employees will not be considered base-year employees for more than one project of the taxpayer with the same base year. In this situation, these employees should be counted in the base year of the taxpayer's project at which they were last employed.

Section A must be updated each year for adjustments to the previously calculated base-year employees, through the expiration of all tax incentives.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

**Examples:**

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53, even though some of the hours were worked in the prior year.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If the number of weeks paid is not the same for the time periods used to compute lines 1, 2, 3, and 4, calculate the FTE column for each line and add the resulting FTE employee numbers.

If the salaried and the hourly employees are not paid on the same payroll frequency, calculate Section A for the salaried employees and the hourly employees separately, and add the resulting FTE employee numbers.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 rounds to 687.57 and 687.564 rounds to 687.56.

## Specific Line Instructions

**Line 1.** Enter the adjusted base-year employee hours reported on Schedule A, line 5, of the prior year. There is no adjustment for an individual who was terminated.

**For the Application Year.** Enter the total hours paid in the base year to employees who worked at the project at some time during the base year. If some employees only worked at the project for a portion of the base year, include ALL hours paid to those employees for work in Nebraska. There is no adjustment for an individual who was terminated.

**Line 2.** If any employees worked for the taxpayer at a non-project location in Nebraska in the base year and then worked at the project at any time after the base year, enter the hours paid to those employees in the base year. These hours remain in the base year calculation for all years, even if the employees' employment at the project ended. ([See Line 2 Example](#))

**Line 3.** If the taxpayer operated a business in Nebraska in the 366 days prior to the application date and the business was moved to the project during the current year, enter the hours paid at the original business location in the 366 days prior to the date of application. Include hours paid to all individuals employed at the original business location during this time period even though some individuals did not move to the project. [Form 312N, Schedule III](#), lines 12 and 13, must be completed and filed as a part of the Form 312N for the year the business was moved.

**Line 4.** If the taxpayer acquired a Nebraska business whose business activity was added to the project, and the business operated in Nebraska in the 366 days prior to the acquisition date, there is an addition to the previously calculated base-year hours. Form 312N, Schedule III, lines 3 through 5, or lines 6 through 8, must also be completed and filed as a part of the Form 312N for the year the business was acquired. ([See Line 4 Example](#))

- If the date of acquisition is after the application date, enter the hours paid to all employees of the newly-added business in the 366 days prior to the date of acquisition.
- If the date of acquisition occurred prior to the application date, but after the base year, include all hours paid at the acquired business during the base year.
- If the acquisition occurred during the base year, include all hours paid at the acquired business during the entire base year by the taxpayer and the predecessor.

**Line 5.** In the Hours Paid column, add lines 1, 2, 3, and 4 to compute the adjusted number of base-year employee hours.

In the FTE column, calculate the adjusted number of base-year employees: 1) multiply 40 times the number of weeks paid in the base year; and 2) divide the Hours Paid column amount by this number.

## Section B – Current Year at the Project

### General Instructions

Section B categorizes the compensation subject to Medicare tax and hours paid at the project as defined in the agreement. The compensation and hours paid during the current year, to employees whose work eligibility status was not timely verified using E-Verify, are segregated based on whether the employees were base-year employees or new employees, and on their rate of pay. After determining the appropriate line of Section B to report an employee's hours, report the compensation subject to Medicare tax in the Compensation Subject to Medicare Tax column for this line. Report all hours **paid** in the year in the Hours Paid column, even though some of the hours were worked in the prior year.

Base-year employees are those individuals with hours included in the calculation of Section A in any year of the project. New employees are those individuals who are not base-year employees.

The compensation paid to each new employee is compared to the required annual rate of pay to determine how to categorize his or her compensation and hours paid. An annualized rate of pay is calculated for: an employee with compensation less than the required rate of pay who worked part time or worked only a portion of the year; and an employee who was paid for more than 52 weeks in the year. The annualized rate of pay is **ONLY** used to determine whether or not the employee met the required annual rate of pay.

The required annual rate of pay varies by the calendar year of application. The required annual rate of pay, as an annual amount, is stated in paragraph 5 of the project agreement.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

#### Examples:

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If salaried and hourly employees were not paid on the same payroll frequency, calculate Section B for the salaried employees and the hourly employees separately, and add the resulting FTE numbers.

E-Verify, the federal electronic verification program or a successor program, must be used to evaluate the work eligibility of all newly-hired employees hired on or after the date of application. The hours worked and compensation paid to an employee who was not eligible to work in Nebraska according to E-Verify, or an employee whose work eligibility status was not timely verified using E-Verify must be excluded from lines 6b and 7a for the life of the project. See [Revenue Ruling 29-13-3](#).

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 becomes 687.57 and 687.564 becomes 687.56.

### Specific Line Instructions

**Line 6a.** Enter the compensation and the number of hours paid in the current year to individuals who have hours included in any year of the project in Section A, Base-Year Employees. Include hours of employees at the project in the current year who worked for the taxpayer at a non-project site in Nebraska in the base year, employees who worked for a business which moved to the project, and employees added to the project due to acquisition of a business. Refer to Section A, General Instructions, for a more detailed description of base-year employees. ([See Line 6a Example](#))

**LINE 6b.** For all employees whose work eligibility status was timely verified using E-Verify, who were not base-year employees, and were not paid the required rate of pay for the year, enter the current year compensation and number of hours paid.

**LINE 7a.** For all employees whose work eligibility status was timely verified using E-Verify, who were not base-year employees, and were paid the required rate of pay for the year, enter the current year compensation and number of hours paid. ([See Line 7a Example](#))

**Line 7b.** Enter the compensation for each new employee included in line 7a that is in excess of \$1 million.

**Line 7c.** In the Compensation Subject to Medicare Tax column, subtract line 7b from 7a. In the FTE column, calculate the current year FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

**Line 8.** Add lines 6c and 7c of the Compensation column and the Hours Paid column. The Compensation column total should equal the project wages subject to Medicare tax for all employees (reported in Box 5 of the employees' Wage and Tax Statements, Forms W-2) minus the amount on line 7b.

In the FTE column, calculate the current year FTEs by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

### Section C – Number of Full-Time Equivalent (FTE)

The FTE growth for the project is the lesser of the overall project employment growth (Method 1), or the new employees earning the required rate of pay (Method 2). The project must attain the minimum level of employment without any benefit from mathematical rounding or truncation.

**Line 9, Method 1.** Enter the number of new FTE employees at the project (line 8 FTE column minus line 5 FTE column).

**Line 10, Method 2.** Enter the number of new FTE employees earning the required rate of pay (line 7c FTE column)

**Line 11.** Enter the lesser of lines 9 or 10 here and on Form 312N, Page 2, line 7.

### Section D – Compensation Credit

**Line 12.** Compute the average compensation of new employees earning the required rate of pay by dividing the line 7c Compensation column by the line 7c FTE column. Enter here and on Form 312N, Page 2, line 5.

**Line 14.** Enter the compensation credit percentage that applies to the average compensation computed on line 12.

Application Year	Minimum Average Compensation for Credit Calculation			
	3% credit	4% credit	5% credit	6% credit
2013	\$22,961	\$28,702	\$38,269	\$47,836
2014	\$23,561	\$29,451	\$39,268	\$49,085
2015	\$23,979	\$29,974	\$39,965	\$49,956
2016	\$24,711	\$30,888	\$41,184	\$51,480

**Even if the number of weeks in the year is other than 52, the required annual compensation cannot be adjusted.**

**Line 15.** If the project has met or exceeded the minimum levels of investment (Schedule B, line 12) **and** employment (Schedule A, line 11), and the current year is in the entitlement period, multiply line 13 by line 14 and enter the compensation credit for the year here and on Form 312N, Page 2, line 16. Round this amount to a whole number.

### Section E – Income Tax Withholding Ratio

Section E calculates the portion of the Nebraska income tax withholding payments for which the compensation credits can be used. The income tax withholding ratio calculated for a given year is used in the following year. If there are new entities or activities added to the income tax withholding return in the following year, the income tax withholding ratio should be re-calculated on an [Incentive Withholding Worksheet](#). This worksheet must be calculated for the first three months that include the new entity or activity and filed with [Form 941N](#).

**Line 16a.** Enter any non-project Nebraska compensation for activities included in the Nebraska income tax withholding filings for the year (for example, compensation for entities or locations excluded from the project).

**Line 16b.** Enter any Nebraska compensation for employees who were paid due to project employment, but who have no hours included in the calculation of Section B in the current year (for example, severance payments, hiring bonuses, and life insurance premiums).

**Line 16c.** Enter any compensation in excess of \$1 million from Compensation column, line 7b.

**Line 16d.** Enter any Nebraska compensation for employees hired on or after the date of application who have compensation for work at the project but whose work eligibility status was not timely verified using E-Verify, or who were not eligible to work in Nebraska according to E-Verify.

**Line 17.** Total Nebraska compensation must equal **total wages subject to Medicare tax** for ALL employees reported in the Nebraska payroll documents for the current year.

**Line 18.** Divide line 13 by line 17 and enter the income tax withholding ratio. Enter here and on Form 312N, Page 2, line 6. Calculate this number to 5 decimal places and round to 4 decimal places. For example, .11237 becomes .1124, or 11.24% of the amount withheld.

**Line 19.** Enter the total payments subject to Nebraska income tax withholding for ALL activities included in the Nebraska income tax withholding returns filed for the current year.