

Ohio Job Creation Tax Credit Program

Instruction Guide to Completing the 2009 Annual Progress Report

This document is intended to familiarize you with the Ohio Job Creation Tax Credit (JCTC) program's **In- Term** Annual Progress Report. **Post - Term** Annual Progress Reports only need to submit the JCTC Form -04 and are **not** required to complete the New Employee Summary. The reporting process is a statutory requirement of the program, and serves as the basis for determining annual tax credit allotments.

The Report is due prior to March 1, 2010. 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. Tax credit certificates are commonly issued within four weeks of receipt of completed Reports if the staff of the Ohio Department of Development (ODOD) have no questions about the information contained in the report. Each report receives a desk audit by ODOD staff.

ODOD requires that all Annual Progress Reports include a copy of Form JCTC-02 in hard copy. Additionally, ODOD requests that Grantees provide a copy of Form JCTC-02 in Microsoft Excel, in the format provided by ODOD on CD-ROM

Below are explanatory notes corresponding to each Section of the Report. Please pay particular attention to the information provided in Sections A, C, D, and F, as this data must be complete and accurate in order to release a tax credit certificate for the reporting period.

Section A: Taxpayer Information

This Section seeks to capture the Grantee's accurate legal name, location, and tax identification numbers, NAICS number, Ohio Charter Number and the new Commercial Activity Tax (CAT) registration number. **Note that if the Tax Credit Agreement (Agreement) lists multiple Grantees, a separate Report must be filed for each Grantee.** Please ensure the accuracy of the information appearing in this Section of the Report, particularly that of the following line items:

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 number is an ODOD assigned number, sometimes referred to as a contract number, where the first digits indicate the year that the project was approved.

Line 2(b) North American Industry Classification System (NAICS) number replaces the SIC Coding System number. NAICS 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 (FEIN) 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(a) If the taxpayer is a "C" Corporation, report the eight-digit Ohio Franchise Tax ID number.

Line 5(b) Report the Commercial Activities Tax (CAT) Registration number.

Section B: Contact Information

Confirm the correct name, title and mailing address **including the internet e-mail address** for the individual responsible for all contact related to the JCTC program between the Ohio Tax Credit Authority (Authority) and the Grantee. Information reported in this Section should conform to the Notices provision of the Agreement. If this information has changed, however, please indicate any and all such changes in this Section of the Report.

Section C: Project Information

This Section represents several of the Project's important measurement criteria including Authority approval date, Agreement Approval Date, Project Location and Start Date, Tax Credit Percentage and Date of Initial Operations.

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 when the project's substantial purpose and activities begin and this date is used in determining the starting period that a project has to meet its three (3) year commitment levels.

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

This Section determines the number of eligible employees for purposes of computing the tax credit amount in Section F.

To verify the information contained in Sections D and F, the Grantee is required to complete Form JCTC-02. This form provides a detailed listing of new employees, retained employees and terminated employees on whom the Grantee can claim credit. For the 2006 Annual Progress Report, ODOT has made important changes to Form JCTC-02. In particular, you will find several "Self-Audit Tools" that automatically run many of the checks that ODOT's auditors will perform when your report is received. If the data provided in the main section of the spreadsheet appears to be outside of the norm, the appropriate cell in the Self-Audit Tools section will be highlighted. Each column header in the audit tools contains a note with detailed instructions on how to interpret the color coding.

Additionally, Form JCTC-02 has been split into three separate tabs contained in the same Microsoft Excel spreadsheet: Retained Employees, New Employees and Terminated Employees. While each of these spreadsheets contains the same columns, the columns where the data is not required for that type of employee is shaded grey.

As noted above, all grantees are required to provide form JCTC-02 in hard copy and requested to provide it electronically on CD-ROM.

For the line items in Section D, beside each figure reported in the shaded column, enter the Grantee's actual employment activity related to the Project, at the project's location in accordance with the following descriptions:

1. The Grantee's total committed level of **full-time** employment is represented by the figure appearing in the shaded portion of Line 1. This number includes both retained employees (those employment positions already in existence at the Project Site and/or being relocated on the date the Authority approved the Project for JCTC assistance), and the committed number of net new full-time employment positions to be created as a result of the Project. Enter the number of total full-time employees at the Project Site in the appropriate cell as of the last day of the Grantee's reporting period.

A full-time employee is defined as an individual who is employed for consideration for **at least thirty-five hours per week or another standard IF specified in the Tax Credit Agreement.**

2. The number of employees employed on the last day of the reporting period that do not meet the full-time employment requirements of the program are to be reported in this cell. This includes part-time, seasonal and other individuals not being compensated for at least 35 hours per week.
3. Additional non-qualifying full-time employees not included in Line 4 are to be recorded on this line. The most typical instances are transferred or relocated employees from another facility who are not included in the company's retained employment commitment. Attach a letter explaining any employees reported in this section.

4. The shaded portion of Line 4 segregates the number of baseline employment positions (those employment positions already in existence at the Project Site and/or being relocated on the date the Authority approved the Project) included in the total depicted on Line 1. Enter the actual number of baseline employees in this cell. This cell may not exceed the number of employees provided on Line 1. This should be the number of retained employees from the “Retained Employees” tab in form JCTC-02.
5. By subtracting the actual baseline level of employment including transferred and/or relocated positions reported in Line 3 and 4 from the total number of full-time employees on Line 1, the actual number of new full-time employees employed in the Project at the Project Site is determined. Enter the figure in this cell. This must be the number of employees listed on the “New Employees” tab of form JCTC-02.

When completing this section, it is important to remember that a new employee is (1) an individual employed by the Grantee on a full-time basis; and (2) is first employed by the Grantee in the Project after its approval by the Authority, so long as the Grantee returned the signed Agreement within sixty (60) days of its receipt from the Department of Development. New employees are to be calculated pursuant to a different formula if the Grantee failed to return its signed Agreement to the Department of Development within the sixty (60) day period. Further, a new employment position does not include an individual employed by the Company that was either relocated or transferred to the Project from Grantee’s other OHIO operations or from a related entity elsewhere in Ohio.

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; employment at other operations in Ohio (if maintaining employment positions at sites other than the Project site is a condition in the Grantee’s Agreement); and the actual number of Disadvantaged and/or Minority persons employed by the Grantee in the Project (this can be derived from use of the New Employee Checklist form (JCTC-01)).

Section F: Actual State Taxable Wages and Withholdings
(Data from Form JCTC-02)

Information reported by the Grantee in this Section is used to determine the amount of the actual tax credit. To expedite the issuance of tax credit certificates, please ensure that the figures reported in this Section comply with the terms of the Agreement and actual payroll information. The value of the new Ohio payroll and new Ohio income tax withholdings must agree with W-2 data (for companies with a calendar reporting period) or payroll reports for fiscal years. Additionally, these figures must match the detailed information provided in Form JCTC-02.

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.

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 JCTC program's annual reporting process; this sheet is for informational purposes only.

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