

For taxable year beginning MM / DD / YYYY, and ending MM / DD / YYYY

**( Attach to your return )**

Name(s) as shown on Forms 140, 140PY, 140NR, 140X, 120, 120A, 120S, 120X, or 165	Your social security number or federal employer ID number
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1 Has the business been certified as a qualified defense contractor by the Arizona Department of Commerce? **Yes**  **No**   
If the answer to this question is no, the business is not eligible for the defense contracting credits.

**Part I Net Increase in Defense Employment Positions**

2 Average employment during the current taxable year under United States Department of Defense contracts .....

2	
3	

3 Employment baseline .....

4 Net increase in defense employment positions - *subtract line 3 from line 2*..... **4**

**Part II Net Increase in Qualified Private Commercial Employment Positions**

5 Net increase in private commercial employment positions .....

5	
6	
7	

6 Number of new qualified private commercial employment positions. *See instructions* .....

7 Net increase in qualified private commercial employment positions. *Enter the lesser of line 5 or line 6* .....

**Part III Credit Calculation for Qualified Employment Positions**

	(a) Number of qualified defense positions	(b) Number of qualified commercial positions	(c) Credit per qualified employment position	(d) Allowable credit
8	Qualified net new employment positions		\$2,500	\$
9	Qualified employment positions in the second year of existence		\$2,000	\$
10	Qualified employment positions in the third year of existence		\$1,500	\$
11	Qualified employment positions in the fourth year of existence		\$1,000	\$
12	Qualified employment positions in the fifth year of existence		\$500	\$
13	Total			\$

**Part IV Credit Calculation for Property Taxes Paid on Class One Property**

14 Amount paid as taxes on property in Arizona classified as class one pursuant to ARS § 42-12001 .....	14			
15 Percent based on net new defense employment positions. <i>See instructions</i> .....	15		.	
16 <i>Multiply line 14 by line 15</i> .....	16			
17 Percent based on defense contract income divided by total gross income. <i>See instructions</i> .....	17		.	
18 Allowable credit for property taxes. <i>Multiply line 16 by line 17</i> .....	18			

**Part V S Corporation Credit Election and Shareholder's Share of Credit**

19 The S corporation has made an irrevocable election for the taxable year ending MM / DD / YYYY to:  
**(CHECK ONLY ONE BOX)**

Claim the defense contracting credits as shown on Part III, line 13 column (d) and Part IV, line 18 (for the taxable year mentioned above);

**OR**

Pass the defense contracting credits as shown on Part III, line 13 column (d) and Part IV, line 18 through to its shareholders (for taxable year mentioned above).

\_\_\_\_\_  
 Signature Title Date

If passing the credit through to the shareholder, complete lines 20 through 23 separately for each shareholder.  
 Furnish each shareholder with a copy of the completed Form 302.

20 Name of shareholder \_\_\_\_\_  
 21 Shareholder's TIN \_\_\_\_\_  
 22 Shareholder's share of the amount on Part III, line 13, column (d). \_\_\_\_\_  
 23 Shareholder's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VI Partner's Share of Credit**

Complete lines 24 through 27 separately for each partner. Furnish each partner with a copy of the completed Form 302.

24 Name of partner \_\_\_\_\_  
 25 Partner's TIN \_\_\_\_\_  
 26 Partner's share of the amount on Part III, line 13, column (d). \_\_\_\_\_  
 27 Partner's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VII Available Credit Carryover (See instructions)**

	(a) Original credit amount	(b) Amount previously used	(c) Available carryover - subtract column (b) from column (a)
28			

**Part VIII Total Available Credit**

29 Current year's credit for qualified employment positions. Individuals, corporations, or S corporations - enter amount from Part III, line 13, column (d). S corporation shareholders - enter amount from Part V, line 22. Partners of a partnership - enter amount from Part VI, line 26..... **29**

30 Current year's credit for property taxes paid on class one property. Individuals, corporations, or S corporations - enter amount from Part IV, line 18. S corporation shareholders - enter amount from Part V, line 23. Partners of a partnership - enter amount from Part VI, line 27..... **30**

31 Available credit carryover - enter amount from Part VII, line 28, column (c)..... **31**

32 Total available credit - add lines 29, 30, and 31. Enter total here and on Form 300, Part I, line 1 or Form 301, Part I, line 1..... **32**