

## **NOTICE**

### **For fiscal year filers whose taxable year ends after June 30, 2011.**

Laws 2006, Ch 387, § 5 (SB 1074), repealed the Arizona Revised Statutes that authorize the Enterprise Zone Credit effective from and after June 30, 2011, including Title 41, chapter 10, article 2, Arizona Revised Statutes, and sections 20-224.03, 43-1074 and 43-1161.

This means that a business must be located in an enterprise zone prior to June 30, 2011. Additionally, first year credits can only be claimed for employees hired before July 1, 2011, as long as all other requirements of the former statutes are met.

Employees hired prior to June 30, 2011, but who work less than 90 days in the taxable year containing June 30, 2011, will not qualify for the enterprise zone credit for the current taxable year, nor will they carry over as a new employee for the following taxable year. All enterprise zone credits properly claimed can be carried forward for the respective five year carry forward period.

Legislation has been enacted to allow taxpayers to claim second and third year credits, and include wages paid after June 30, 2011, in the calculation of the credit. The Form 304-2 for 2010 and 2011, and the instructions for Form 304 for 2011 have been updated to reflect the changes contained in Laws 2012, Ch 3, § 60 (SB 1045).

For the calendar year 2010 or  
fiscal year beginning MM,DD,YYYY and ending MM,DD,YYYY.

**Attach to your return.**

Name(s) as shown on Form 140, 140PY, 140NR, 140X, 120, 120A, 120S, 120X, or 165	Social security number or employer identification number
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**Enterprise Zone Credit for Qualified Employment Positions**

*See instructions regarding Arizona Department of Commerce certification before claiming this credit.*

**Part I Business Information**

1 Business name.....	1	
2a Business location address.....	2a	
2b Business location in enterprise zone (list name of enterprise zone).....	2b	
3 Employer identification number.....	3	

4 Retail sales. Does more than 10 percent of the business conducted at the location consists of retail sales of tangible personal property?  
See instructions before answering this question.  Yes  No  
If the answer to this question is yes, the business is not eligible for the enterprise zone credit for qualified employment positions.

**Part II Net Increase in Average Number of Full Time Employees**  
See instructions before completing this part.

5 Average number of full time employees at the zone location during the current taxable year.....	5	
6 Average number of full time employees at the zone location during the immediately preceding taxable year.....	6	
7 Net increase in average number of full time employees - subtract line 6 from line 5.....	7	

**Part III Maximum Number of Qualified Employment Positions**  
See instructions before completing this part.

8 Qualified employment positions - enter the number of qualified employment positions created during the taxable year.....	8	
9 Net increase in average number of full time employees - enter the number from Part II, line 7.....	9	
10 Maximum number of new qualified employment positions for which the business may claim a credit before application of the 35 percent enterprise zone residency requirement - enter the smaller of line 8 or line 9.....	10	
11a Number of employees in qualified employment positions for which the credit is being claimed that are enterprise zone residents on the date of hire.....	11a	
11b Divide the amount on line 11a by 35 percent (.35). Enter the quotient.....	11b	
11c Enter the smaller of line 10 or line 11b. This is the maximum number of qualified employment positions for which the credit may be claimed after application of the enterprise zone residency requirement.....	11c	

**Part IV Limitation on Number of Qualified Employment Positions**

12 Maximum number of filled qualified employment positions on which a credit may be calculated.....	12	200
13 Maximum number of new qualified employment positions on which you may claim the credit - enter the lesser of line 11c or line 12.....	13	

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

14 Arizona residency. Are all of the employees in qualified employment positions Arizona residents?

See instructions before answering this question.  Yes  No

If the answer to this question is no, the business is not eligible for an enterprise zone credit for those qualified employment positions filled by employees who are not Arizona residents.

	(a) Number of qualified employment positions	(b) Qualifying wages	(c) %	(d) Allowable credit
15	Employees in first year or partial year of employment in a qualified employment position		25%	
16	Employees in the second year of continuous employment in a qualified employment position		33 1/3%	
17	Employees in the third year of continuous employment in a qualified employment position		50%	
18	Totals			

**Part VI Limited Liability Companies**

19 What is the federal tax classification of the limited liability company (LLC)? Check only one box.

S corporation  partnership  disregarded entity  corporation

If the LLC is an S corporation, complete Part VII.

If the LLC is a partnership, complete Part VIII.

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

20 The S corporation has made an irrevocable election for the taxable year ending \_\_\_\_\_ to:  
(CHECK ONLY ONE BOX)

Claim the enterprise zone credit as shown on Part V, line 18, column (d) (for the taxable year mentioned above);

OR

Pass the enterprise zone credit as shown on Part V, line 18, column (d) (for the taxable year mentioned above) through to its shareholders.

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

If passing the credit through to the shareholders, complete lines 21 through 23 separately for each shareholder. Furnish each shareholder with a copy of the completed Form 304.

21 Name of shareholder \_\_\_\_\_

22 Shareholder's TIN \_\_\_\_\_

23 Shareholder's share of the amount on Part V, line 18, column (d) ..... 23 00

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

Complete lines 24 through 26 separately for each partner.  
 Furnish each partner with a copy of the completed Form 304.

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

26		00
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**Part IX Available Credit Carryover**

		(a)	(b)	(c)	(d)	(e)	(f)
27	Taxable year						
28	Original credit amount						
29	Amount previously used						
30	Tentative carryover - <i>subtract line 29 from line 28</i>						
31	Amount unallowable - <i>See instructions</i>						
32	Available carryover - <i>subtract line 31 from line 30</i>						
33	Total available carryover						

**Part X Total Available Credit**

34 Current year's credit for qualified employment positions.  
 Individuals, corporations, or S corporations - *enter the amount from Part V, line 18, column (d).*  
 S corporation shareholders - *enter the amount from Part VII, line 23.*  
 Partners of a partnership - *enter the amount from Part VIII, line 26* ..... 

34		00
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35 Available credit carryover - *from Part IX, line 33, column (f)* ..... 

35		00
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36 **Total available credit.** *Add lines 34 and 35. Corporations and S corporations - enter total here and on Form 300, Part I, line 2. Individuals - enter total here and on Form 301, Part I, line 2* ..... 

36		00
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**Form 304-1 (2010)****Employees at Enterprise Zone Location**

Complete a Form 304-1 for each employee at the enterprise zone location, whether or not the employee is in a qualified employment position. See instructions for Form 304-1 (included with Instructions for Form 304, pages 3 - 4) about providing the requested information in an alternative format.

- 1 Employee name \_\_\_\_\_
- 2 Employee's taxpayer identification number (TIN) \_\_\_\_\_
- 3 Employee's residence address \_\_\_\_\_
- 4 What year is this employee?  First  Second  Third  Fourth or more
- 5a Is the residence address listed on line 3 inside or outside of an enterprise zone that is located in the same county in which the business is located?  inside  outside
- 5b If the answer on line 5a is inside, list the name of the enterprise zone in which the employee's residence address is located  
\_\_\_\_\_
- 6 Employee's residence address AT DATE OF HIRE \_\_\_\_\_  
\_\_\_\_\_
- 7a Is the residence address listed on line 6 inside or outside of an enterprise zone that is located in the same county in which the business is located?  inside  outside
- 7b If the answer on line 7a is inside, list the name of the enterprise zone in which the employee's residence address was located  
\_\_\_\_\_
- 8 Current date of employment \_\_\_\_\_
- 9a If employee was previously employed by the business, list the previous date of employment. (See instructions.)  
\_\_\_\_\_
- 9b If employee was previously employed by the business, list the date of separation \_\_\_\_\_
- 10a Is the employee in a permanent full time position?  Yes  No
- 10b If the answer to line 10a is yes, list the number of hours the employee actually worked during the taxable year (see instructions) \_\_\_\_\_
- 11a Employee's annual compensation for the taxable year \$ \_\_\_\_\_
- 11b Employee's hourly wage \$ \_\_\_\_\_ /hour
- 12a Total cost of health insurance provided by employer for employee. (See instructions.) \$ \_\_\_\_\_
- 12b Total cost of health insurance for employee paid by employer. (See instructions.) \$ \_\_\_\_\_
- 13 Is this employee in a new qualified employment position?  Yes  No
- 14a Has this employee been substituted for another employee in a qualified employment position?  Yes  No
- 14b If answer on line 14a is yes, list the date of substitution \_\_\_\_\_ and indicate whether the individual is a second year employee or a third year employee. *See instructions before answering this question.*
- Check only one box.  second year employee  third year employee

## Employees in Qualified Employment Positions

Enterprise zone name \_\_\_\_\_ Zone location address \_\_\_\_\_

If the business has more than 7 employees in qualified employment positions, complete additional Form(s) 304-2.	(b)			(c)	(d)			(e)
(a)  Arizona resident employee names and addresses	Check the appropriate box. This employee is a:			Wages paid to this employee during the current taxable year	Maximum allowable wages: Enter the lesser of column (c) or the maximum allowed below.			Limitation on total number of credits is 200 QEPs per taxpayer each year. See instructions before checking this box.
	1st year employee (b)1	2nd year employee (b)2	3rd year employee (b)3		year 1 \$2,000 (d)1	year 2 \$3,000 (d)2	year 3 \$3,000 (d)3	
1								
2								
3								
4								
5								
6								
7								
8	Total - Add lines 1 through 7, including only lines with checkmarks in column (e). Enter the total here.							

Name: \_\_\_\_\_

TIN: \_\_\_\_\_