pennsylvania
DEPARTMENT OF REVENUE

COMMONWEALTH OF PENNSYLVANIA KEYSTONE OPPORTUNITY ZONE/ KEYSTONE OPPORTUNITY EXPANSION ZONE FORM AND INSTRUCTIONS

FOR CORPORATION TAXES

- JOB TAX CREDITS
- JOB CREATION TAX CREDITS

PA KOZ
KEYSTONE OPPORTUNITY ZONE

REV-765 (CT) 05-17

NEXT PAGE PRINT

Qualifications, Conditions & Reporting Requirements

Qualified Businesses Include:

- Insurance companies subject to insurance premium tax imposed by Article IX of the Tax Reform Code of 1971
- Railroad, truck, bus or airline companies; pipeline or natural gas companies; or water transportation companies required to apportion income in accordance with Section 401(B), (C) or (D) of the Tax Reform Code of 1971. Credit for these companies can be applied against corporate net income, capital stock/foreign franchise or personal income tax for qualified sub-chapter S corporations. (Article III, IV or VI of the Tax Reform Code of 1971)

NOTE: Capital Stock/Foreign Franchise Tax has been eliminated for tax years beginning on or after Jan. 1, 2016.

Conditions of Employment Within a Keystone Opportunity Subzone or Expansion Subzone (KOZ/KOEZ):

- Full-time jobs must be held directly with the applicant in a KOZ/KOEZ.
- Credit may be claimed for full-time jobs created in a KOZ/KOEZ provided that overall Pennsylvania full-time jobs increased from the base calendar year AND the jobs created are not attributed to existing Pennsylvania jobs that were transferred, discontinued or lost.

Base calendar year is the later of:	1 - Calendar year 2000 OR 2 - Calendar year immediately preceding the first year during which relocation to a KOZ/KOEZ occurred.

- Jobs within a KOZ/KOEZ qualify as full-time provided the employee works 35 or more hours per week of which 20 or more hours are within the KOZ/KOEZ.

Reporting Requirement:

DUE DATE: This annual report of actual full-time jobs within a KOZ or KOEZ must be submitted on or before January 15 for the previous calendar year. This reporting includes data regarding all full-time qualified jobs held within PA and within the KOZ/KOEZ for the immediate preceding calendar year as well as the base calendar year. (See definition above for the base calendar year.)

Mail to: PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PO BOX 280701
HARRISBURG PA 17128-0701

Information Applicable to Insurance Companies
Act 2000-119

Section 518. Keystone Opportunity Zone Job Tax Credit or Keystone Opportunity Expansion Zone Job Tax Credit.

(a) Credits – For tax years that begin on or after Jan. 1, 2001, an insurance company that is a qualified business under this act may apply to the Department of Revenue for a job tax credit against the tax imposed by Article IX of the Tax Reform Code of 1971 for all full-time jobs within a subzone or expansion subzone in the taxable year. The job must be held directly with an insurance company in the subzone or expansion subzone in order for the insurance company to apply for the tax credit.

(b) Section not applicable to certain insurance companies –
  (1) An insurance company that relocates from a political subdivision in this commonwealth that is not in a subzone or expansion subzone to a location in a KOZ or KOEZ may not apply for a credit for an existing job that is transferred, discontinued or lost in this commonwealth which is attributable to the relocation.
  (2) An insurance company that relocated pursuant to paragraph (1) may apply for a KOZ job tax credit or KOEZ job tax credit for a new full-time job that is created in the subzone or expansion subzone. A new full-time job is created with an insurance company if the average monthly employment for that insurance company has increased from the prior full calendar year in the subzone or expansion subzone.

(c) Application of credit – An insurance company must apply for a credit by January 15 for the previous calendar year.

(d) Apportionment – The Department of Revenue will apportion a KOZ job tax credit or a KOEZ job tax credit for an insurance company that is a qualified business that has not operated in a subzone or expansion subzone for a full fiscal year.

(e) Credit determinations – The KOZ job tax credit or KOEZ job tax credit will be determined by multiplying the monthly average of all full-time jobs by the allowance. The allowance for purposes of the KOZ job tax credit or KOEZ job tax credit for taxable years beginning within the dates set forth are as follows:

January 1, 2012 to December 31, 2012.....$1250 per job
January 1, 2013 to December 31, 2013.....$1250 per job
January 1, 2014 to December 31, 2014.....$1250 per job
January 1, 2015 to December 31, 2015.....$1250 per job
January 1, 2016 to December 31, 2016.....$1250 per job
January 1, 2017 to December 31, 2017.....$1250 per job

(f) Notification of credit – By March 15, the Department of Revenue will notify an insurance company of the amount of the insurance company's approved tax credit.

(g) Limitation on amount of credit – The tax credit allowed under this section may not exceed 50 percent of the tax liability of the insurance company under Article IX of the Tax Reform Code of 1971 for the tax year. An insurance company may not carry back or forward any credit received under this section.

(h) Allocation – The total amount of the credits approved by the Department of Revenue under this section will not exceed $1 million annually. If the credits exceed the $1 million cap in a given year, the credits will be allocated on a pro rata basis.

(i) Calculation of allocation – If the total amount of KOZ job tax credits and KOEZ job tax credits applied for by all insurance companies under this section exceeds $1 million, then the credit to be received by each insurance company shall be the product of $1 million multiplied by the quotient of the credit applied for by the insurance company divided by the total of all credits applied for by all insurance companies, the algebraic equivalent of which is:

insurance company's KOZ job tax credit or KOEZ job tax credit = $1,000,000 x (the amount of KOZ job tax credit or KOEZ job tax credit applied for by the insurance company/the sum of all KOZ job tax credits and KOEZ job tax credits applied for by all insurance companies).

(j) Partnership arrangements – The jobs tax credit provided for under this section may be allocated to an insurance company that is a partner in such partnership that is also a qualified business in proportion to the full-time jobs within a subzone or expansion subzone that are provided to such insurance company by the partnership. However, a partnership and a partner of that partnership may not claim any other tax benefit, expense or credit for the same KOZ job tax credit and KOEZ job tax credit.

(k) Relief from additional retaliatory tax – The tax credit taken by an insurance company under this section will not be included in determining liability for retaliatory taxes imposed under Section 212 of the Insurance Department Act of 1921 (P.L.789, No.285) dated May 17, 1921.

(l) Hold-harmless clause – The tax credits allowed by this section will not reduce the amounts which would otherwise be payable for firemen's relief pension or retirement purposes or for police pension retirement or disability purposes. The Department of Revenue will transfer by June 30 of each fiscal year an amount equal to the tax credits taken under this section by foreign fire and casualty insurance companies from the General Fund to the Municipal Pension Aid Fund and the Fire Insurance Tax Fund, as appropriate.

Information Applicable to Railroad, Truck, Bus, Airline, Pipeline, Natural Gas, Water Transportation Companies

Act 2000-119

Section 519. Keystone Opportunity Zone Job Creation Tax Credit or Keystone Opportunity Expansion Zone Job Creation Tax Credit.

(a) Credits – For tax years that begin on or after Jan. 1, 2001, a railroad, truck, bus or airline company; pipeline or natural gas company; or water transportation company that is required to apportion income in accordance with Section 401(3) 2(b), (c) or (d) of the Tax Reform Code of 1971 and is a qualified business under this act may apply to the Department of Revenue for a KOZ job creation tax credit or KOEZ job creation tax credit against the tax imposed by Article III, IV or VI of the Tax Reform Code of 1971. The credit is for all full-time jobs created within a subzone or expansion subzone in the taxable year. The job must be held directly with the qualified business in the subzone or expansion subzone in order for the qualified business to apply for the tax credit.

(b) Section not applicable to certain businesses or qualified businesses –

(1) A business that relocates from a location in a political subdivision in this commonwealth that is not in a subzone or expansion subzone to a location in a subzone or expansion subzone may not apply for a credit for an existing job that is transferred, discontinued or lost in this commonwealth which is attributable to the relocation.

(2) A business that has relocated pursuant to paragraph (1) and becomes a qualified business may apply for a KOZ job tax credit or KOEZ job tax credit for a new full-time job that is created in the subzone or expansion subzone. A new full-time job is created with a qualified business if the average monthly employment for that qualified business has increased from the prior full calendar year in the zone.

(c) Application of credit – A qualified business must apply for a credit under this section by January 15 for the previous calendar year.

(d) Apportionment – The Department of Revenue will apportion a KOZ job tax credit or a KOEZ job tax credit for a business that is a qualified business that has not operated in a subzone or expansion subzone for a full fiscal year.

(e) Credit determinations – The KOZ job tax credit or KOEZ job tax credit is determined by multiplying the monthly average of all full-time jobs by the allowance. The allowance for purposes of the KOZ job tax credit or KOEZ job tax credit for taxable years beginning within the dates set forth are as follows:

January 1, 2012 to December 31, 2012.....$1250 per job
January 1, 2013 to December 31, 2013.....$1250 per job
January 1, 2014 to December 31, 2014.....$1250 per job
January 1, 2015 to December 31, 2015.....$1250 per job
January 1, 2016 to December 31, 2016.....$1250 per job
January 1, 2017 to December 31, 2017.....$1250 per job

(f) Notification of credit – By March 15, the Department of Revenue will notify the qualified business of the amount of the qualified business's job creation approved tax credit.

(g) Limitation on amount of credit – The tax credit allowed under this section may only be used to offset a tax liability incurred from subzone or expansion subzone activities and shall not exceed 50 percent of the tax liability of a qualified business or person under Article III, IV or VI of the Tax Reform Code of 1971 for the tax year. The job creation tax credit may not carry back or forward to any other year.

(h) Allocation – The total amount of the credits approved by the Department of Revenue under this section shall not exceed $1 million annually. If the credits exceed the $1 million cap in a given year, the credits will be allocated on a pro rata basis.

(i) Calculation of allocation – If the total amount of KOZ job tax credits and KOEZ job tax credits applied for by all qualified businesses under this section exceeds $1 million, then the credit to be received by each qualified business is the product of $1 million multiplied by the quotient of the credit applied for by the qualified business divided by the total of all credits applied for by all qualified businesses, the algebraic equivalent of which is:

qualified business KOZ job creation tax credit or KOEZ job creation tax credit = $1,000,000 x (the amount of KOZ job creation tax credit or KOEZ job creation tax credit applied for by the qualified business/the sum of all KOZ job creation tax credits and KOEZ job creation tax credits applied for by all qualified businesses).

(j) Pass-through entities – The KOZ job creation tax credit and KOEZ job creation tax credit provided for in this section shall apply to the following:

(1) A partner or member of a partnership or association that qualifies under this section will be entitled to a job creation tax credit in proportion to the partner's or member's share, whether or not distributed, of the income or gain received by the partnership or association for its taxable year.

(2) A shareholder of a Pennsylvania S corporation that qualifies under this section will be entitled to a job creation tax credit in proportion to the shareholder's pro rata share, whether or not distributed, of the income or gain received by the corporation for its taxable year ending within or with the shareholder's taxable year.

(3) No partnership, association or Pennsylvania S corporation, or partner, member or shareholder, may claim any other tax benefit, expense or credit for the same KOZ job creation tax credit or KOEZ job creation tax credit.

DO NOT USE DASHES (-) OR SLASHES (/) IN ANY FIELD. ENTER DATES AS MMDDYYYY. USE WHOLE DOLLARS ONLY.
FILL IN FORM USING ALL CAPS.

REV-765 (CT) 05-17

pennsylvania
DEPARTMENT OF REVENUE

BUREAU OF CORPORATION TAXES
ACCOUNTING DIVISION
PO BOX 280701
HARRISBURG PA 17128-0701

ANNUAL REPORT

Keystone Opportunity Zone Job Creation Tax Credit or Keystone Opportunity Expansion Zone Job Creation Tax Credit (Act No. 119, 2000)

SCHEDULE JC

Business Name

Revenue ID

CREDIT FOR TAX YEAR

20 _____

INSTRUCTIONS

1 **First time filers** must complete Schedule JC, Section I below to calculate the Base Year average monthly jobs. Complete Section II below to calculate the average monthly jobs for the calendar year of employment. Complete Sections III and V on Page 2 to calculate the job tax credit/job creation tax credit.

2 Companies that have filed previously must complete Schedule JC, Section II below to calculate the average monthly jobs for the calendar year of employment. Complete Sections III and V on Page 2 to calculate the job tax credit/job creation tax credit.

3 Questions regarding eligibility can be directed to the Department of Community and Economic Development (DCED) at 717-787-3405.

4 Questions regarding Schedule JC can be directed to the PA Dept. of Revenue at 717-705-6134. Fax 717-705-6227.

FIRST-TIME FILERS ONLY

Section I

Pennsylvania Base Year 20 ___

Calculate the monthly average of all full-time jobs in PA for the Base Calendar Year.

Base calendar year is the later of:

Calendar year 2000 OR Calendar year immediately preceding the first year during which relocation to a KOZ/KOEZ occurred.

ALL PA JOBS Record the number of full-time jobs as of the last day of each month.

January	February	March	April	May	June	July	August	September	October	November	December	=	State Total	Divide by 12	=	Monthly average of all full-time jobs in PA
												=		Divide by 12	=	

- In Section III on Page 2, record above result to Columns A and C into the Pennsylvania base year.
- Complete Section II.

Section II

Calendar Year of Employment 20 ____

1 - Calculate the monthly average of all full-time jobs in PA for this calendar year and record in both Block As below.

2 - Calculate the monthly average of all qualified full-time jobs within all KOZ/KOEZ for this calendar year and record in both Block Bs below.

3 - Calculate the net monthly average of all non-qualified full-time jobs within PA for this calendar year and record in Block C.

ALL PA JOBS Record the number of full-time jobs as of the last day of each month.

January	February	March	April	May	June	July	August	September	October	November	December	=	State Total	Divide by 12	=	Monthly average of all full-time jobs in PA	
												=		Divide by 12	=		A

ALL QUALIFIED KOZ/KOEZ JOBS Record the number of full-time jobs as of the last day of each month.

January	February	March	April	May	June	July	August	September	October	November	December	=	State Total	Divide by 12	=	Monthly average of qualified full-time jobs in all KOZ/KOEZ	
												=		Divide by 12	=		B

Monthly average of all full-time jobs in PA		Monthly average of qualified full-time jobs in all KOZ/KOEZ		Monthly average of non-qualified full-time jobs in PA
	minus		**equals**	
A		**B**		**C**

- In Section III on Page 2, record results to Columns A, B and C for this calendar year of employment.
- In Section V on Page 2, record A to Line 1.
- In Section V on Page 2, record B to Line 4.
- Complete Section V on Page 2.

Reset Entire Form PREVIOUS PAGE NEXT PAGE PRINT

Calculation of Job Tax Credit/Job Creation Tax Credit

SCHEDULE JC

Calendar Year of Employment 20___

Business Name

Revenue ID

Section III *

Summary of Employment History in PA

Years	A Monthly average of all full-time jobs in PA	B Monthly average of qualified full-time jobs in all KOZ/KOEZ	C Monthly average of non-qualified full-time jobs in PA
2012			
2013			
2014			
2015			
2016			
2017			

Section IV

Allowance for each Full-time Qualified Job Created Job by Year of Employment

January 1, 2012 to December 31, 2012	$1,250
January 1, 2013 to December 31, 2013	$1,250
January 1, 2014 to December 31, 2014	$1,250
January 1, 2015 to December 31, 2015	$1,250
January 1, 2016 to December 31, 2016	$1,250
January 1, 2017 to December 31, 2017	$1,250

*** First-Time Filer:** Provide information regarding full-time jobs in PA starting with the year immediately preceding the calendar year in which full-time jobs existed within a subzone or expansion subzone or calendar year 2000, whichever is later. GENERAL RULE: For the base year, the entry for Column A is the end product of the calculation for Section I on Page 1.

** Adjusted for full-time jobs created within a zone but the jobs did not qualify until a subsequent calendar year.

Section V **

Calculation of Job Tax Credit/Job Creation Tax Credit

Lines					Department Use Only
1	Monthly Average of All Full-time Jobs in PA for this Calendar Year of Employment (Block A, Section II on Page 1)			1	
Less: 2	Highest Number of the Monthly Average of Non-qualified Full-time Jobs in PA from Column C, Section III above	Less		2	
= 3	Maximum Number of Full-time Qualified Jobs Eligible for Job Tax Credit/Job Creation Tax Credit **(NOTE: if result is zero or below, STOP - Company is not eligible to apply this year.)**	=		3	
			OR		OR
4	Monthly Average of Qualified Full-time Jobs in All KOZ/KOEZ for Calendar Year Employment (Block B, Section II on Page 1)			4	
= 5	Qualified Full-time Jobs - Record the lower of Line 3 or Line 4	=		5	
TIMES: 6	Record Applicable Allowance for Year of Employment from Section IV Above	Multiply		6	
= 7	Line 5 times Line 6 = Total Credit Claimed for Year of Employment	=		7	

(**NOTE:** The tax credit shall not exceed 50 percent of the tax liability of a qualified business or person under Article III, IV, or VI of the Tax Reform Code of 1971 for the tax year. The job creation tax credit may not be carried forward or backward to any other year.)

CERTIFICATION **I certify that the conditions of employment stated above were fulfilled and that I am authorized to execute this application on behalf of the company and that it is true, correct and complete.**

PLEASE SIGN AFTER PRINTING.

Signature of Corporate Officer | Print Name of Corporate Officer | Date MMDDYYYY

TITLE: _____ TELEPHONE NUMBER: _____

COMMONWEALTH USE ONLY

CREDIT AWARDED

$ _____

The credit awarded is subject to departmental audit.

THE TAX CREDIT CLAIMED ON THIS SCHEDULE IS:

_____ APPROVED _____ DISAPPROVED _____ APPROVED AS MODIFIED

FOR THE SECRETARY OF REVENUE

REVENUE OFFICER | DATE

Reset Entire Form PREVIOUS PAGE RETURN TO PAGE 1 PRINT