Part A – Alabama Enterprise Zone Credit

(See §41-23-24): A tax credit is available to qualifying businesses which locate or expand within the designated enterprise zones. Business entities must apply for and be approved by the Alabama Department of Economic and Community Affairs (ADECA) to participate in the Enterprise Zone Program. Questions pertaining to the application of the tax credit should be addressed to the Alabama Department of Revenue, Pass Through Entity Unit, P.O. Box 327900, Montgomery, AL 36132-7900 or call (334) 242-1033. For additional information on the Alabama Enterprise Zone Credit, contact ADECA at the Technical Assistance Section, 401 Adams Avenue, P.O. Box 5690, Montgomery, AL 36103-5690, or call (334) 242-5100.

Part B – Basic Skills Education Credit

Sections 40-18-135 through 40-18-139 provide a tax credit to employers who provide approved basic skills education programs to Alabama resident employees. To qualify for the credit, (1) the program must have written approval from the Alabama Department of Education, (2) the employees shall have been continuously employed for at least 16 weeks for at least 24 hours per week, and (3) the employer cannot receive or require reimbursement or any form of remuneration for any cost of education. The credit is 20 percent of the actual costs limited to the employee’s income tax liability.

A copy of the document of approval along with a detailed schedule (including actual costs incurred, employee employment period) computing the credit should be provided. For further information, contact the Alabama Department of Education, Adult and Community Education Program, 50 North Ripley St., Room 5343, Montgomery, AL 36104 or the Alabama Department of Revenue, P.O. Box 327900, Montgomery, AL 36132-7900, at (334) 242-1033.

Line 1. Enter the Certification Number assigned by the Department of Education.
Line 2. Enter the name of the employer/firm sponsoring the education program.
Line 3. Enter the name of the approved provider.
Line 4. Mark the appropriate box to indicate whether all participants for whom you are claiming a tax credit were continuously employed by you for at least 16 weeks.
Line 5. If the box on line 4 is marked “yes”, mark the appropriate box to indicate if employee(s) for whom you are claiming a tax credit work at least 24 hours each week.
Line 6. If the box on line 4 and 5 is marked “yes” enter the total expenses available for credit.
Line 7. Multiply line 6 by 20% (.20)
Line 8. Enter the credit allowable.

Part C – Coal Credit

For the tax years beginning on and after January 1, 1995, every corporation, that is doing business in Alabama, as a producer of coal mined in Alabama, shall be allowed a credit against the tax imposed by Section 40-18-2, in the amount of one dollar ($1) per ton of increased production of coal over the previous year’s production of coal. Such tax credit shall be based on coal produced after January 1, 1995, provided the coal was mined in Alabama as certified by the producer of the coal. The amount of the total credit in any one year shall be based on the number of tons of Alabama coal produced by the corporation in the year which exceeds the number of tons of Alabama coal produced by the corporation in calendar year 1994. In the event a corporation did not produce Alabama coal during calendar year 1994, such corporation must establish a base year by producing Alabama coal for 12 consecutive months. Thereafter, such corporation shall be eligible for the tax credit as specified herein above over the base year production. (Section 40-18-220)

Enter the amount of the Coal Credit claimed. Attach supporting documentation.

Part D – Full Employment Act of 2011 Credit

Sections 40-18-290 through 40-18-293 provide for a tax credit against Alabama income tax for small businesses which employ 50 or fewer employees and create new jobs paying more than ten dollars ($10) per hour. Employers will receive an income tax credit equal to one thousand dollars ($1,000) and shall be available in the tax year during which the employee has completed 12 months of consecutive employment.

The employer must have a net increase in the total number of full-time employees in Alabama on the last date of each tax year during which employees are hired for which the employer claims a credit, over the number employed in Alabama as of the last day of the tax year immediately preceding the first employment year. The income tax credit may be claimed for employees who are hired following June 9, 2011. This tax credit shall not exceed the amount of the taxpayer’s state tax liability for which the credit is claimed. This credit is not refundable or transferable.

Line 1. Enter the number full time employees on 12-31-2014.
Line 2. Enter the number full time employees on 12-31-2013.
Line 3. Subtract line 2 from line 1.
Line 4. Enter the number of new employees earning greater than $10 per hour which qualify for the credit.
Line 5. Multiply line 4 by 1,000. Enter the amount.

Part E – Alabama New Markets Development Credit

Act Number 2012-483, passed by the Alabama Legislature during the 2012 Regular Session, establishes a tax credit to corporations/financial institutions that invest in businesses located in impoverished and low income communities. The credit allowance date is the date on which such investment is initially made and each of the six anniversary dates thereafter. The credit shall not exceed the amount of the taxpayer’s state tax liability for the tax year for which the tax credit is claimed. Tax credits claimed under this act are not saleable or transferable. Any amount of tax credit that the taxpayer is prohibited from claiming in a taxable year may be carried forward to any of the taxpayer’s subsequent taxable years.

Enter the amount of the New Markets Development Credit claimed from the Notice of Certification.

Part F – Heroes for Hire Tax Credit Act of 2012 Employee Credit

Sections 40-18-321 and 40-18-322 provide qualified employers an additional credit against the Alabama income tax liability in the amount of $1,000 for hiring full-time recently deployed and now discharged unemployed veterans full time. The new hire must: 1) be a resident of Alabama at the time of entry into military service or mobilized to active, federal military service while a member of the Alabama National Guard or other reserve unit located in Alabama; 2) receive an honorable or general discharge from active, federal military service within the two-year period preceding the date of hire; and 3) has certification by the Department of Labor at the time of hire by either collecting or being eligible to collect unemployment benefits or having exhausted his or her unemployment benefits.

Line 1. Enter the number recently deployed unemployed veterans included in line 4, Part D – Full Employment Credit.
Line 2. Multiply line 1 by 1,000. Enter the amount.

Part G – Heroes for Hire Tax Credit Act of 2012 Business Start-Up Expense Credit

Section 40-18-323 allows a nonrefundable credit against the income tax liability to recently deployed unemployed veterans in an amount up to $2,000 for expenses associated with one start-up business in which the veteran holds at least 50% ownership interest. The credit is only applicable for businesses: started after April 2, 2012, located within Alabama, and showing a net profit of at least $3,000 for the year in which the credit is taken.

Line 1. Enter the name of the Business.
Line 2. Enter the business ID number.
Line 3. Enter the total amount of business start-up expenses.
Line 5. Enter the lesser of line 3 or line 4.

Part H – Qualified Irrigation System/Reservoir System Credit

Section 40-18-342 provides an income tax credit to any agricultural trade or business for the cost associated with the purchase, installation or conversion related to ir-
Part L – Alabama Accountability Tax Credit

Act 2015-434 authorizes a tax credit for contributions to entities that provide educational scholarships to qualifying schools. The credit is equal to 100% of the total contributions made to a scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50% of the tax liability of the taxpayer. The credit may be carried forward for 3 years.

- **Line 1.** Enter the name of the scholarship granting organization.
- **Line 2.** Enter the full address of the scholarship granting organization.
- **Line 3.** Enter the amount of contribution made to the scholarship granting organization.
- **Line 4.** Enter the maximum credit allowable.

Part M – Capital Credit

The capital credit is available to investing companies and their owners involved in a qualified project undertaken by certain new businesses to be located in the state and certain expansions of certain existing businesses. To qualify for the capital credit, the project entity must be registered with and approved by the Commissioner’s Office of the Alabama Department of Revenue by 12/31/2015. The capital credit claimed for the tax year shall not exceed 5% of the actual capital costs, as defined in the law, of the new business or expansion of an existing business for each of 20 years. The capital credit shall be provided to each investing company and its shareholders, partners, members, owners, or beneficiaries on Form K-RCC provided by the reporting company. Each owner of the investing company will be allowed a capital credit according to the distributive share, whether or not distributed, of the project’s Alabama taxable apportionable income.

This capital credit CANNOT be carried forward or back by any recipient. The capital credit is limited to the individual’s current tax year liability and is applied after all other deductions, losses, or credits permitted under Titles 40 and 41, Code of Alabama 1975. The Form K-RCC must be attached to the individual return in order to be eligible to receive the capital credit.

- **Lines 1a-1g.** Enter the Project Number(s) assigned by the Alabama Department of Revenue, the project name, and the amount of credit claimed from Schedule K-RCC, line 7.
- **Line 2.** Enter the amount of the Capital Credit claimed from Schedule K-RCC, line 7.

Part N – Summary


A schedule should be completed for each partner detailing the amounts of credits required for each partner to complete the applicable credit schedules.