

**Jobs Credit**

▶ Attach to your return.

Name(s) as shown on return	Identifying number
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**Part I Current Year Jobs Credit**

1 Enter the total qualified wages paid or incurred during the tax year for services of employees who are certified as members of a targeted group . . . . .	<b>1</b>		
2 Enter 40% (.40) of line 1 here. You must subtract this amount from the deduction on your return for salaries and wages. (Members of a group of trades or businesses under common control, see instructions.) . . . . .	<b>2</b>		
3 Flow-through jobs credits from other entities	<b>3</b>		
4 <b>Current year jobs credit.</b> Add lines 2 and 3. (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.) . . . . .	<b>4</b>		

If you are a—	Then enter total of current year jobs credit(s) from—
a Shareholder . . . . .	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . . . .
b Partner . . . . .	Schedule K-1 (Form 1065), lines 13d, 13e, or 14 . . . . .
c Beneficiary . . . . .	Schedule K-1 (Form 1041), line 13 . . . . .
d Patron . . . . .	Written statement from cooperative . . . . .

**Part II Tax Liability Limitation (See Who Must File Form 3800, General Business Credit, to see if you complete Part II or file Form 3800.)**

5a Individuals. Enter amount from Form 1040, line 40 . . . . .		<b>5</b>		
b Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) . . . . .				
c Other filers. Enter regular tax before credits from your return . . . . .				
6 Credits that reduce regular tax before the jobs credit:				
a Credit for child and dependent care expenses (Form 2441) . . . . .	<b>6a</b>			
b Credit for the elderly or the disabled (Schedule R (Form 1040)) . . . . .	<b>6b</b>			
c Foreign tax credit (Form 1116 or Form 1118) . . . . .	<b>6c</b>			
d Possessions tax credit (Form 5735) . . . . .	<b>6d</b>			
e Mortgage interest credit (Form 8396) . . . . .	<b>6e</b>			
f Credit for fuel from a nonconventional source . . . . .	<b>6f</b>			
g Orphan drug credit (Form 6765) . . . . .	<b>6g</b>			
h Add lines 6a through 6g . . . . .	<b>6h</b>			
7 Net regular tax. Subtract line 6h from line 5 . . . . .	<b>7</b>			
8 Tentative minimum tax (see instructions):				
a Individuals. Enter amount from Form 6251, line 20 . . . . .		<b>8</b>		
b Corporations. Enter amount from Form 4626, line 14 . . . . .				
c Estates and trusts. Enter amount from Form 8656, line 37 . . . . .				
9 Net income tax:				
a Individuals. Add line 7 above and line 22 of Form 6251. Enter the total . . . . .		<b>9</b>		
b Corporations. Add line 7 above and line 16 of Form 4626. Enter the total . . . . .				
c Other filers. See instructions . . . . .				
10 If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions) . . . . .	<b>10</b>			
11 Subtract line 8 or line 10, whichever is greater, from line 9. Enter the result. If less than zero, enter -0-	<b>11</b>			
12 <b>Jobs credit allowed for current year.</b> Enter the <b>smaller</b> of line 4 or line 11. This is your <b>General Business Credit</b> for 1991. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns . . . . .	<b>12</b>			

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping.** . . . . . 3 hr., 50 min.  
**Learning about the law or the form** . . . . . 35 min.

**Preparing and sending the form to the IRS** . . . . . 41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

**Item You Should Note**

● The targeted jobs credit has been extended through June 30, 1992. If this date is extended, the IRS will use the media to inform you.

**General Instructions**  
*(Section references are to the Internal Revenue Code.)*

**Purpose of Form**  
 Use Form 5884 if you had jobs credit employees and take an income tax credit for wages you paid or accrued for them during the tax year.

Mutual savings institutions, regulated investment companies, and real estate investment trusts can take a limited credit. See section 52(e) and the related regulations.

You can claim or elect not to claim the jobs credit any time within 3 years from the due date of your return on either your original return or on an amended return.

## Who Must File Form 3800, General Business Credit

The general business credit consists of the investment credit, jobs credit, credit for alcohol used as fuel, research credit, low-income housing credit, enhanced oil recovery credit, and disabled access credit. If you have more than one of these credits for 1991, a carryback or carryforward of any of these credits, or a jobs credit from a passive activity, attach the appropriate credit forms and summarize them on Form 3800. The tax liability limitation is also figured on Form 3800. If you have only a 1991 jobs credit and the credit is not from a passive activity, complete Part II. You do not have to file Form 3800 this year.

## How To Figure the Credit

In general, figure your jobs credit based on the employee's wages subject to the Federal Unemployment Tax Act (FUTA). Jobs credit wages, however, are limited to \$6,000 for each employee (\$3,000 for each qualified summer youth employee). Special rules apply in the following cases:

1. You can take a jobs credit for *agricultural employees* who meet the other tests if their services qualify under FUTA as agricultural labor during more than half of any pay period. Base your credit for each employee on the first \$6,000 in wages subject to social security and Medicare taxes paid or accrued for that person during the year.

2. You can take a credit for *railroad employees* who meet the other tests if their wages qualify under the Railroad Unemployment Insurance Act (RUIA). Base your credit for each employee on the first \$6,000 in wages subject to RUIA tax paid or accrued for that person during the year.

3. *Wages for youths in a cooperative education program* are not subject to FUTA, but include their wages in the amount you use to figure your jobs credit. Base your jobs credit for each youth on the first \$6,000 in wages you paid or accrued for that person during the year.

Your credit is based on a percentage of the wages for each employee in the following targeted groups:

- Referrals by a vocational rehabilitation program.
- Economically disadvantaged youths.
- Economically disadvantaged Vietnam-era veterans.
- Supplemental Security Income (SSI) recipients.
- General assistance recipients.
- Youths in a cooperative education program, who belong to an economically disadvantaged family.
- Economically disadvantaged ex-convicts.
- Eligible work incentive employees.
- Qualified summer youth employees, age 16 or 17, who work for you between May 1 and September 15.

In addition, to claim a jobs credit on an employee's wages:

1. More than half the wages received from you must be for working in your trade or business;

2. The employee must be certified, as explained below, as belonging to a targeted group;

3. You may not claim a credit on wages that were repaid by a federally funded on-the-job training program, or for which you received work supplementation payments under the Social Security Act;

4. The employee cannot be your relative or dependent (see section 51(i));

5. The employee cannot be your rehired employee if he or she was not a targeted group member when employed earlier;

6. The employee must have worked for you for at least 90 days (14 days for a summer youth employee) or completed at least 120 hours of service (20 hours for a summer youth employee); and

7. The wages cannot be for services of replacement workers during a strike or walkout.

Certification is done by a local agency, generally an office of the State Employment Security Agency (Jobs Service). The agency gives the employer a form certifying that the employee is in a targeted group. The certification must be completed or the employer must request, in writing, a certification from the certifying agency by the date the employee begins work (or within 5 days if the employer has received a written preliminary determination that the employee is in a targeted group).

**Certification of a Youth in a Cooperative Education Program.**—The certification is completed by the school administering the cooperative program. The school gives the employer a completed **Form 6199**, Certification of Youth Participating in a Qualified Cooperative Education Program.

## Specific Instructions Part I

**Line 1.**—Enter the first-year wages paid to qualified employees. The wages are limited to \$6,000 of first-year wages paid. The wages for qualified summer youth employees are limited to \$3,000. If you paid first-year wages to a qualified employee last year, subtract those wages from the \$6,000 limit.

For example, if a jobs credit employee began working in your business on September 1, 1990, and you are a calendar year taxpayer, you would have figured your 1990 jobs credit based on the first-year wages you paid between September 1 and December 31, 1990. You would figure your 1991 credit on the rest of the first-year wages you paid between January 1 and August 31, 1991.

For each qualified summer youth employee, wages are limited to those paid for any 90-day period between May 1 and September 15, up to \$3,000. You cannot claim a credit for an employee who was your employee in any prior period. Also, the summer youth employee must have worked for you at least 14 days, or completed at least 20 hours of service.

**Controlled groups.**—The group member proportionately contributing the most first-year wages figures the group credit in Part I and skips Part II. See sections 52(a) and 1563.

On separate Forms 5884, that member and every other member of the group should skip line 1 and enter its share of the group credit on line 2. Each member then completes lines 3 and 4, and 5 through 12 (or Form 3800, if required) on its separate form. Each group member must attach to its Form 5884 a

schedule showing how the group credit was divided among all the members. The members share the credit in the same proportion that they contributed qualifying wages.

If you were allocated a jobs credit from a flow-through entity, skip lines 1 and 2 for that credit and enter it on line 3.

**Line 2.**—In general, you must subtract your current year jobs credit on line 2 from the deduction on your return for salaries and wages you paid or accrued for 1991. This is true even if you cannot take the full credit this year and must carry part of it back or forward.

An exception to this rule applies if you capitalized any salaries and wages on which you figured the credit. In this case, reduce your depreciable basis by the amount of the jobs credit on those salaries and wages.

Another exception involves the full absorption method of inventory costing which requires you to reduce your basis in inventory for the jobs credit.

If either exception applies to you, attach a statement to your return to explain why the amount on line 2 differs from the amount you subtract from your salary and wage deduction.

**Line 3.**—Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron of a cooperative.

**Line 4.**—If you have a credit from a passive activity, stop here and go to Form 3800.

**Estates and trusts.**—The jobs credit on line 4 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 4, the estate or trust should enter its part of the total jobs credit. Label it "1041 PORTION" and use this amount in Part II (or Form 3800, if required) to figure the jobs credit to claim on Form 1041.

**S corporations and partnerships.**—Prorate the jobs credit on line 4 among the shareholders or partners. Attach Form 5884 to the return and on Schedule K-1 show the credit for each shareholder or partner.

**Cooperatives.**—Most tax-exempt organizations cannot take the jobs credit; but a cooperative described in section 1381(a) takes the jobs credit to the extent it has tax liability. Any excess is shared among its patrons.

## Part II

**Line 8. Tentative minimum tax.**—Complete the appropriate alternative minimum tax form through the tentative minimum tax line and transfer the result to this line.

**Line 9c. Other filers.**—Enter the sum of line 7 and your alternative minimum tax from whichever alternative minimum tax form you file.

**Line 10.**—See section 38(c)(2) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

**Note:** If you cannot use part of the credit because of the tax liability limitations, you may carry it back 3 years, then forward 15 years.

See section 383 for the limitation on the amount of any excess general business credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.