

Use this schedule to compute credits available to you.

Part A – Basic Skills Education Credit

This credit is available to resident and nonresident **employers** who provide basic skills education programs approved by the Alabama Department of Education to employees. Expenses incurred for or relating to instructors, materials, or equipment used in the qualifying program, or for supplies, textbooks, or salaries, including compensation paid to employees while participating in the basic skills program may be used in calculating the credit. The credit will equal 20 percent of the actual costs of education limited to the amount of the employer's income tax liability. A credit will not be allowed for employers receiving reimbursement for any cost of the education.

Part B – Rural Physician Credit

This credit is available to licensed physicians who **practice and reside** in a small or rural Alabama community of less than 25,000 residents with admission privileges to a small or rural hospital having an emergency room. Under the terms of this credit a "small or rural hospital" is defined as an acute care hospital with less than 105 beds, located more than 20 miles from another acute care facility, or which receives Medicare rural reimbursement from the federal government. The amount of this credit is \$5,000.00 per year and may be claimed for not more than five consecutive tax years. No credit will be allowed to physicians meeting the requirements on or before May 5, 1993 nor to a physician having previously practiced within a rural community unless he/she returns to such practice after having practiced in a large or urban community for at least three years.

Part C – Coal Credit

For the tax years beginning on and after January 1, 1995, every corporation, whether a "subchapter S" corporation, as defined by the 1995 Internal Revenue Code, or not, foreign or domestic, 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 as set out herein below. 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. (*Acts 1995, No. 95-239, p. 403, §1.*)

Part D – Alabama Enterprise Zone Act Credit

This credit is available to corporations, partnerships, and proprietorships that locate or expand within a designated enterprise zone as approved by the Alabama Department of Economic and Community Affairs. It was designed to stimulate business and industrial growth in depressed areas of the state. These tax incentives were enacted by Act No. 87-573 of the Alabama Legislature and were signed into law on July 22, 1987 as the "**Alabama Enterprise Zone Act.**"

Part E – Full Employment Act of 2011 Credit

This credit is available to a small business that creates new jobs paying more than ten dollars (\$10) per hour. A small business is defined as a business existing on January 1, 2011 that employs 50 or fewer employees. The credit shall equal \$1,000.00 for each qualifying new employee. The credit is available in the tax year during which the employee has completed 12 months of consecutive em-

ployment. 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 increase must equal or exceed the number of newly hired employees for which a credit is sought by one employee for each newly hired employee for whom a credit is being sought for the current year, plus one employee for all employees for whom credits were claimed in prior years. This credit can not be claimed on both the Full Employment Act and Small Business and Agribusiness Jobs Credit (Schedule SBA).

Part F – Veterans Employment Act (formerly Heroes For Hire Credit) Employee Credit

This credit is available to a business that meets the requirements of either the Full Employment Act of 2011 or the Alabama Small Business Jobs Act that hires resident unemployed veterans or combat veterans for a full-time position paying at a minimum \$14 per hour. The credit is \$1000 per qualifying hire and is available in the tax year during which the employee has completed 12 months of consecutive employment. An employer cannot take this credit for any employee who claims a start-up expense credit for themselves allowed under the Veterans Employment Act (formerly Heroes For Hire Credit) Business Start-up Expense Credit.

Part G – Veterans Employment Act (formerly Heroes For Hire Credit) Business Start-up Expense Credit

This credit is available to recently deployed and now discharged unemployed veterans who start their own business. To qualify the business must have a start date after April 2, 2012. The credit is nonrefundable and can be applied against the income tax liability in an amount up to \$2000. The recently deployed unemployed veteran must hold at least a 50 percent ownership interest in the business, which must be located in Alabama and show a net profit of at least \$3,000 for the year in which the credit is taken. The recently deployed unemployed veteran is not allowed to claim this credit for themselves if an employer has claimed a hire credit for him or her under the Veterans Employment Act (formerly Heroes For Hire Credit) shown above in Part F.

Part H – Credit for Taxes Paid to a Foreign Country

This credit is only allowed to resident individual owners of Subchapter K entities, Alabama S corporations, and resident beneficiaries of an estate or trust on their proportionate share of the entity's tax paid or accrued on foreign income. This credit does not apply to wages or any other type of income earned in a foreign country. The amount of the credit allowable is 50 percent of the taxpayer's proportionate share of the income taxes paid or accrued to a foreign country by the entity or the tax using Alabama tax rates on the taxpayer's proportionate share of the entity's income derived from the foreign country whichever is less.

Part I – Neighborhood Infrastructure Incentive Plan Credit

This credit is available to homeowners and business owners who form a neighborhood infrastructure authority in existing neighborhoods to manage and finance local projects. The credit is equal to 10 percent of the amount of assessment paid not to exceed \$1,000 in any tax year for a period not exceeding 10 successive years. Do not include condominium, homeowner, or neighborhood homeowner association fees. These do not qualify as a "Neighborhood Infrastructure Incentive Plan Credit."