

Jobs Credit
 (and WIN credit carryover)
 ▶ Attach to your tax return.

Name(s) as shown on return

Identifying number

PART I.—Jobs Credit

| | | | | | |
|---|---------------------|---|-----------------------|---|-----------|
| 1 Enter the number of employees and total qualified wages paid or incurred during the tax year (up to \$6,000 for each employee for each of the first two years) for services of employees who are certified as members of a targeted group. See instructions for special rules on qualified summer youth employees. | | | | | |
| | Number of employees | | Total qualified wages | | |
| First year { Do not include summer youth employees } | (a) | (b) | | | |
| Second year | (c) | (d) | | | |
| Qualified summer youth employees | (e) | (f) | | | |
| 2 Enter 50% of line 1(b) | | | 2 | | |
| 3 Enter 25% of line 1(d) | | | 3 | | |
| 4 Enter 85% of line 1(f) | | | 4 | | |
| 5 Current year jobs credit—Add lines 2, 3, and 4. Enter here and include on Schedule C (Form 1040), line 28b; Form 1120, line 13(b), page 1; or the corresponding line on other returns. (Members of a group of trades or businesses under common control, see Specific Instructions) | | | 5 | | |
| 6 Flow-through jobs credits from other entities | If you are a— | Then enter total of current year jobs credit(s) from— | | | |
| | a Shareholder | Schedule K-1 (Form 1120S), line 12 | } | | |
| | b Partner | Schedule K-1 (Form 1065), line 14 | | | |
| | c Beneficiary | Schedule K-1 (Form 1041), line 10 | | | |
| | d Patron | (see instructions for line 6d) | | | |
| 7 Total jobs credit for current year—Add lines 5 and 6 (S corporations, partnerships, estates, trusts, and cooperatives, see instructions for line 7.) | | | 7 | | |
| 8 a Individuals—From Form 1040, enter tax from line 38 plus any additional tax from Form 4970 b Estates and trusts—From Form 1041, enter tax from line 26a, plus any section 644 tax on trusts c Corporations (1120 filers)—From Form 1120, Schedule J, enter tax from line 3 d Other organizations—Enter income tax before credits from return | | | } | | |
| 9 a Individuals—From Form 1040, enter credits from lines 41 through 44 b Estates and trusts—From Form 1041, enter credits from lines 27a and 27b c Corporations (1120 filers)—From Form 1120, Schedule J, enter credits from lines 4(a), 4(b), and 4(f) d Other organizations—Enter total of any foreign tax, possessions, and investment credits | | | | } | |
| 10 Income tax liability as adjusted (subtract line 9 from line 8) | | | | | 10 |

PART II.—Allowed WIN Credit Carryover

| | | |
|---|-----------|-----------|
| 11 WIN credit carryover from prior year | 11 | |
| 12 Allowed WIN credit for 1983—Enter smaller of line 10 or line 11 | | 12 |

PART III.—Allowed Jobs Credit

| | | |
|--|-----------|-----------|
| 13 Line 10 less any WIN credit taken on line 12 | | 13 |
| 14 Child care credit—Form 1040, line 45 (individuals only) | | 14 |
| 15 Income tax liability as adjusted—Subtract line 14 from line 13 | 15 | |
| 16 Jobs credit limitation—Multiply line 15 by 90% (line 15 x .90) | | 16 |
| 17 Allowed jobs credit for 1983 tax year—Enter smaller of line 7 or line 16. If line 7 does not contain an entry, enter zero. (Section 1381(a) cooperatives: see line 7 instructions) If you have an unused jobs credit from other years, complete lines 18–20. Otherwise, skip to line 21 | | 17 |
| 18 Tax liability limit for unused jobs credits from other years—Subtract line 17 from line 16 | | 18 |
| 19 Carryback and carryover of unused jobs credits from other years | | 19 |
| 20 Allowed unused jobs credits from other years—Enter smaller of line 18 or line 19 | | 20 |
| 21 Allowed jobs and WIN credits from all sources—Add lines 12, 17, and 20. Enter here and on Form 1040, line 46; Schedule J (Form 1120), line 4(c), page 3; or the appropriate line on other returns | | 21 |

Instructions

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right

amount of tax. You are required to give us this information.

Purpose of Form.— Use the 1983 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 jobs credit. See section 52(e) and the related regulations.

You can take or revoke the jobs credit any time within 3 years from the date your return was due for the year. You can take the credit either on your original return or on an amended return. To revoke your jobs credit after you take it, file an amended return.

For more information, see **Publication 906**, Jobs and Research Credits.

How to Figure the Credit.—In general, you should figure your jobs credit based on the employee's wages subject to the Federal Unemployment Tax Act (FUTA) tax. 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 the 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 jobs credit for each agricultural employee on the first \$6,000 in wages subject to social security (FICA) tax you paid or accrued for that person during the year.

(2) You can take the jobs credit for *railroad employees* who meet the other tests if their wages qualify under the Railroad Unemployment Insurance Act (RUIA). Base your jobs credit for each employee on the first \$500 a month you paid or accrued for that person during the year in wages subject to RUIA tax.

(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 Vietnam-era veterans.
- Economically disadvantaged youths.
- 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.
- CETA employees whose jobs were involuntarily ended. (Only employees first beginning work between August 13, 1981, and January 1, 1983, can qualify as a member of this group.)
- Eligible work incentive employees.
- Qualified summer youth employees, age 16 or 17, who first worked for you between May 1 and September 15, 1983.

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; and

(3) you may not claim a credit on wages that were repaid by a Federally funded on-the-job training program.

Effective for employees first beginning work after August 13, 1981, the employee cannot be:

(1) Your relative or dependent (see section 51(i)).

(2) Your rehired employee if he or she was not a targeted group member when employed earlier.

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.

Certification of a Youth in a Cooperative Education Program.—For 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

On lines 1 through 5 figure your credit for wages you paid or accrued. If you have credits only from sources that shared a jobs credit (S corporations, partnerships, estates, trusts, or cooperatives), skip lines 1 through 5.

Whether or not you complete lines 1 through 5, enter on line 6 any credits you received from sources that share the credit. Complete the rest of the form to figure the credit to enter on your income tax return.

Controlled groups: The group member proportionately contributing the most first-year wages (or second-year wages if no first-year wages are involved) figures the group credit in Part I (lines 1–7 only) and skips Parts II and III.

On separate Forms 5884, that member and every other member of the group skips lines 1 through 4 and enters its share of the group credit on line 5. Each member then completes lines 6 through 21 on its separate form, entering any unused credit from other years on line 19. Each group member attaches 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.

Line 1(a).—Enter the number of employees for whom you have first-year wages.

Line 1(b).—Enter the first-year wages. They are limited to \$6,000 of each employee's first-year wages. If you paid first-year wages to any of these employees last year, subtract those wages from the \$6,000 limit.

For example, if a jobs credit employee started working in your business on September 1, 1982, and you are a calendar year taxpayer, you would have figured your 1982 jobs credit based on the first-year wages you paid between September 1 and December 31, 1982. You would figure your 1983 jobs credit on the rest of the first-year wages you paid between January 1 and August 31, 1983; and on the second-year wages you paid between September 1 and December 31, 1983.

For a vocational rehabilitation employee, count the years that person worked for you from the later of the date he or she began work or the date his or her rehabilitation plan started. For other jobs credit employees, count the years the person worked for you from the date he or she began work.

Line 1(c).—Enter the number of employees for whom you have second-year wages.

Line 1(d).—Enter the second-year wages. They are limited to \$6,000 for each employee. If you paid second-year wages to any of these employees last year, subtract those wages from the \$6,000 limit for that employee.

Line 1(f).—For each qualified summer youth employee, the 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.

Line 4. —Taxpayers with qualified summer youth employees.—Include 85% of the first \$3,000 of wages paid to each qualified summer youth employee.

Line 5.—In general, you must subtract your current year jobs credit on line 5 from the deduction on your return for salaries and wages you paid or owe for 1983. This is true even if you cannot take the full credit this year and must carry part of it back or forward.

An exception is a jobs credit based on salaries and wages you capitalize for depreciation. If you have such a credit, reduce the amount on which you figure depreciation by the part of the current year jobs credit on line 5 that applies to the jobs credit wages you capitalize.

Another exception involves the full absorption method of inventory costing. See the proposed regulations under section 280C 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 5 differs from the amount you subtract from your salary and wage deduction. See **Publication 906** for details.

Line 6.—If you have flow-through credits from more than one entity or type of entity, add them up and enter the total on line 6.

Line 6d.—If you belong to a cooperative that has an excess jobs credit, the cooperative should have given you a statement that shows your share of the excess. Include on line 6 your total excess jobs credit from all cooperatives to which you belong.

Line 7.—Estates and trusts: The jobs credit on line 7 is shared between the estate or trust itself and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 7, the estate or trust should enter its own part of the total jobs credit. Please label it "1041 PORTION" and use *this amount* in Part III to figure the jobs credit to take on Form 1041.

S corporations and partnerships: Prorate the jobs credit on line 7 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.

If the cooperative has unused jobs credits from tax years that ended before November 1, 1978, the cooperative can carry them back or forward. It cannot share them among its patrons.

Part III

Line 16.—The jobs credit you take for your 1983 tax year cannot be more than 90% of your tax for the year. The tax liability limit applies first to current and then to carryover jobs credits. You must make an entry on line 16 before figuring your allowed credit on lines 17 through 21.

Carryovers.—If the tax liability limit (line 16) prevents you from using your full jobs credit for your 1983 tax year, you can carry the excess back 3 years and forward 15 years, up to the tax liability limit for each year. To figure the amount of jobs credit that you may carry to other years, subtract line 16 from the total of lines 7 and 19. Apply any unused credit first to the earliest year to which it may be carried, and then to each later year in order.

If you have a carryover credit (new jobs credit or targeted jobs credit) from prior years that is more than the line 18 limit, you can carry it forward for 15 years from the tax year the credit was earned.