

## Instructions for Completing Form 305, Clean Fuel Vehicle and Biofuels Job Creation Tax Credit

- This credit may not be claimed if the corporation is claiming a major business facility job tax credit.
- The clean fuel vehicle and advanced cellulosic biofuels job creation tax credit is a nonrefundable credit. However, any excess credit can be carried forward for up to five years.

**Fiscal year filers:** Complete this line only if your taxable year is NOT from JANUARY 1 to DECEMBER 31. You must use the same taxable period on your Virginia return as on your federal return.

**Name, Account Number and Federal Employer Identification Number or Social Security Number:** Enter the information for the taxpayer claiming this credit.

### Definitions:

"Advanced biofuel" means a fuel derived from any cellulose, hemicellulose, or lignin that is derived from renewable biomass or algae.

"Clean special fuel" means any product or energy source used to propel a highway vehicle, the use of which, compared to conventional gasoline or reformulated gasoline, results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates or any combination thereof. The term includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hythane (a combination of compressed natural gas and hydrogen), or electricity.

"Job" shall mean the full-time employment of an individual in Virginia by a corporation for at least 40 hours per week during at least 40 weeks during the calendar year whose primary work activity is related directly to any of the activities listed in subsection B.

"Vehicle" shall have the same meaning as provided in U.S. Internal Revenue Code §§ 179A and 30.

Skip to Line 7 if your only Clean Fuel Vehicle and Advanced Cellulosic Biofuels tax credit is from a pass-through entity (partnership, S corporation, etc).

**Lines 1 and 2:** Complete Lines 1 and 2, providing the NAIC code and checking the applicable boxes, to show qualification for the credit. Note that all of the qualifications on Line 2 must be met in order to qualify for the credit.

**Line 3:** Enter the name of the city or county in Virginia in which the clean fuel vehicle job(s) was created.

**Line 4:** Number of qualifying jobs: Complete Schedule A, then enter the number of qualifying jobs on Line 4a, 4b, and 4c. Printouts containing the same information may be substituted for Schedule A.

**NOTE:** If a clean fuel vehicle and advanced cellulosic biofuels job does not qualify for this credit solely because less than forty weeks remained in the taxable year after it was created and filled, the credit may still be claimed. However, the forty week requirement must be met in the next taxable year or the credit must be recaptured through the filing of an amended return. This treatment will also apply for the next two subsequent taxable years involving that job.

**Line 5:** Multiply the total of Lines 4a, 4b and 4c by \$700.

**Line 6:** Complete this line if claiming a current year clean-fuel vehicle job tax credit distributed to you from another entity. *See the instructions for Schedule B in the next column for additional information concerning pass-through entities.*

**Line 7:** Enter the carryover credit from the prior year.

**Line 8:** Add amounts on Lines 5, 6 and 7.

**Line 9:** Total tax on return after priority credits: In general, claim priority credits in the following order:

- claim nonrefundable credits without a carryforward provision (such as the coal cogeneration credit);
- claim carryover credits from prior years (carryover credits should be claimed in order of expiration);
- claim current year credits in the order of their carryover provisions; and
- report any unused credits as carryovers for succeeding taxable years to the extent allowed.

**Line 10:** Clean fuel vehicle and advanced cellulosic biofuels job tax credit allowable this year: Enter the lesser of the amount on Line 8 or Line 9 here and on the applicable credit line of your Virginia income tax return.

**Line 11:** Excess credit carryover to next year. If the amount on Line 8 is larger than the amount on Line 9, subtract the amount on Line 9 from the amount on Line 8.

### Schedule B (Form 305)

#### Pass-through Entity Identification

If distributing all or a portion of this credit, complete Schedule B to identify all pass-through entities and each taxpayer to whom a portion of the credit is distributed. Note that this credit may only be used to offset corporation income tax. Attach a separate schedule if additional space is needed. Printouts containing the same information may be substituted for Schedule B.

Schedule B should contain the name, Federal identification number (FEIN), Virginia account number (if known), address and amount of credit for each qualifying pass-through entity and the total percentage and credit not distributed to non-qualifying entities such as individuals. The total credit in Column E should be the current year credit amount from Form 305, Line 5, page 1.

Each corporate taxpayer in Col. A must receive a copy of the pass-through entity's Form 305 or a statement that identifies the taxpayer earning the credit (name, address, and state and federal identification numbers), and provides all information set forth on Form 305. Each taxpayer receiving a distribution will enter the amount received on its own Form 305, Line 7. Note that this credit is only applicable as a credit against the Virginia corporation income tax.

#### Where To Get Help

**For additional information, write the Virginia Department of Taxation, P. O. Box 5126, Richmond, VA 23220-0126 or call (804) 367-8037.**

Tenemos servicios disponible en Español.

To order forms, call **(804) 440-2541**. If you have access to the internet, you can obtain most Virginia income tax forms and additional tax information by visiting our web page: **[www.tax.virginia.gov](http://www.tax.virginia.gov)**.

Forms are also available from the office of your local Commissioner of the Revenue, Director of Finance or Director of Tax Administration.