

Instructions for Form 309

Neighborhood and Business Child Care Credit

The Neighborhood and Business Child Care Tax Credit is available to taxpayers who are members of a small-medium business child care consortium for the three year demonstration program in accordance with section 4 of P.L. 1999, c.108, and who make expenditures for child care center physical plant or facilities owned or operated by the consortium or by a contracted sponsoring organization. These expenditures must be made on or after the designation of the consortium and before the expiration of the demonstration program. The tax credit is also available to taxpayers who make contributions to a sponsor of a neighborhood-based child care center that was awarded a program grant. To qualify, the contribution must be made on or after the awarding of the grant and before the expiration of the demonstration program. If the taxpayer claims this credit on Form CBT-100 or Form CBT-100S, a completed Form 309 must be attached to the return to validate the claim.

The Neighborhood and Business Child Care Tax Credit Incentive Program Act has no credit carryover provisions. Any such tax credit in excess of the allowable amount calculated in Part III of Form 309 is forfeited.

Specific Instructions for Form 309

DEFINITIONS

Authority means the New Jersey Economic Development Authority, established pursuant to section 4 of P.L. 1974, c.80 (C.34:1B-4).

Consortium means a cooperative arrangement between two or more small or medium-sized businesses to provide child care for the children of the employees of those businesses entering into the cooperative arrangement.

Small or medium-size business means a business enterprise, which has its principal place of business in this State, with a level of gross income from operations defined by the Authority as a small or medium-sized business. For the purposes of this program, the Authority has determined that a small or medium-sized business is a business with net worth less than or equal to \$6 million and profits after taxes of less than or equal to \$2 million (the latter of which is averaged over the last two years).

PART I

TAXPAYER QUALIFICATIONS

Questions 1 through 3 pertain to taxpayers who are members of a small-medium business child care consortium. If the answer to any of these questions is "NO", the taxpayer is not eligible for the portion of the tax credit based on expenditures made during the privilege period for child care center physical plant or facilities.

Questions 4 and 5 pertain to taxpayers who have made contributions to a sponsor of a neighborhood-based child care center that had been awarded a program grant. If the answer to either of these questions is "NO", the taxpayer is not entitled to the portion of the tax credit based on such contributions.

It is possible for a taxpayer to qualify for only one portion of the tax credit as well as both portions of the tax credit.

PART II

CALCULATION OF THE AVAILABLE TAX CREDIT

The tax credit is computed in this section, and is based on an amount equal to 15% of the taxpayer consortium member's expenditures for the child care center made during the current tax period, and/or an amount equal to 10% of the taxpayer's contributions to a sponsor of a neighborhood-based child care center made during the current tax period. The total Neighborhood and Business Child Care Tax Credit available is reported on line 10.

PART III

CALCULATION OF THE ALLOWABLE CREDIT AMOUNT

- a) The allowable Neighborhood and Business Child Care Tax Credit for the current period is calculated in Part III. The amount of this credit in addition to the amount of any other tax credits taken is limited to 50% of the taxpayer's total tax liability and cannot exceed an amount which would reduce the total tax liability below the statutory minimum.
- b) For tax periods beginning prior to January 1, 2002, the minimum tax liability for domestic and foreign corporations is \$200. For tax periods beginning on and after January 1, 2002, the minimum tax liability is \$210.
- c) The priorities set forth in this Corporation Business Tax form follow Regulation N.J.A.C. 18:7-3.17.