



Name(s) as shown on Form 40 or 40NR

Your social security number

**PART A – Basic Skills Education Credit**

Attach this schedule to your Alabama return along with a copy of your approved certification notice issued by the Alabama Department of Education. Enter your assigned Department of Education Certification Number \_\_\_\_\_.

1 Name of employer/firm sponsoring the education program \_\_\_\_\_

2 Name of approved provider \_\_\_\_\_ Location \_\_\_\_\_

3 Were all participants for whom you are claiming a tax credit continuously employed by you for at least 16 weeks?  Yes  No

4 If the answer to line 3 is yes, did employee(s) work at least 24 hours each week?  Yes  No

5 If the answer to lines 3 and 4 above is yes, enter the total expenses available for credit  
(see instructions).....

5		
6		
7		

6 Total maximum credit available. Multiply line 5 by 20% (.20) .....

7 Tax due Alabama from Form 40, page 1, line 17, or Form 40NR, page 1, line 19 .....

8 **CREDIT ALLOWABLE.** Enter the amount from line 6 or 7, whichever is smaller ..... 8 ●

**PART B – Rural Physician Credit**

1 Name of hospital and community where you live and provide medical services \_\_\_\_\_

2 Tax due Alabama from Form 40, page 1, line 17, or Form 40NR, page 1, line 19 .....

2		
3		\$5,000 00

3 Maximum Rural Physician Credit .....

4 **CREDIT ALLOWABLE.** Enter the amount from line 2 or 3, whichever is smaller ..... 4 ●

**PART C – Coal Credit**

1 **CREDIT ALLOWABLE.** .....

1 ●

**PART D – Alabama Enterprise Zone Act Credit**

1 Enter amount from Schedule EZK1, Part II, page 2, line 13, or Schedule EZ, Part IV, page 2, line 13 .....

1 ●

**PART E – Full Employment Act of 2011 Credit. Owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code will report their pro rata share of credit on line 6 below.**

Were you in business with 50 or fewer full and/or part-time employees on June 9, 2011?  Yes  No If "No", you do not qualify for this credit.

1 Number of full time employees on 12-31-2018 .....

1	
2	
3	
4	

2 Number of full time employees on 12-31-2017 .....

3 Subtract line 2 from line 1. If less than or equal to zero, STOP! You do not qualify for credit. ....

4 Number of qualifying new employees from line 3 that completed their first 12 months service in 2019 .....

5 Multiply line 4 by \$1,000.00 .....

6 Pro rata share of credit from Schedule K-1 .....

FEIN of entity \_\_\_\_\_ (If credit from more than one entity, attach schedule.)

7 **CREDIT ALLOWABLE.** Add line 5 and line 6. .... 7 ●

**PART F – Veterans Employment Act. For owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code, skip Lines 1 and 2 and report your pro rata share of credit on line 3 below.**

**Employee Credit**

1 Number of unemployed veterans included in Part E, line 4 or Schedule SBA, Part II, line 6 .....

1	
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2 Multiply line 1 by \$2,000.00 .....

3 Pro rata share of credit from Schedule K-1 .....

FEIN of entity \_\_\_\_\_ (If credit from more than one entity, attach schedule.)

4 **CREDIT ALLOWABLE.** Add line 2 and line 3. .... 4 ●

**PART G – Veterans Employment Act. For owners of qualified employers that are entities taxed under subchapters S or K of the Internal Revenue Code skip Lines 1 through 4 and report your pro rata share of credit on line 5 below.**

Did this business start up after April 2, 2012?  Yes  No If "No", you do not qualify for this credit.

**Business Start-up Expenses Credit**

1 Name and business ID number \_\_\_\_\_

2 Enter total amount of business start-up expenses .....

2		
3		\$2,000 00

3 Maximum credit .....

4 Enter the lesser of line 2 or line 3. ....

4

5 Pro rata share of credit from Schedule K-1 .....

FEIN of entity \_\_\_\_\_ (If credit from more than one entity, attach schedule.)

6 **CREDIT ALLOWABLE.** Add line 4 and line 5. .... 6 ●



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**PART H – Credit for Taxes paid to a Foreign Country**

**Note:** All dollar figures must be in U.S. dollars.

1 S Corporation/Partnership/Estate/Trust Name ● \_\_\_\_\_

2 FEIN ● \_\_\_\_\_

3 Name of country income earned in ● \_\_\_\_\_

4	●		
5	●		
6	●		
7	●		
8			
9	●		

4 Your pro rata share in entity .....

5 Pro rata share of income from foreign operations .....

6 Alabama tax imposed on pro rata share of income from foreign operations (line 5) .....

7 Pro rata share of tax due the foreign country as shown on that country's tax return .....

8 Tax due Alabama from Form 40, page 1, line 17 .....

9 Multiply line 7 by 50% (.50) .....

**10 CREDIT ALLOWABLE.** Enter the lesser of line 6, line 8 or line 9 ..... **10** ●

**PART I – Neighborhood Infrastructure Incentive Plan Credit**

**Note:** Do not include condominium, homeowner's or neighborhood homeowner association fees paid.

1 Local Neighborhood Infrastructure Authority District Name and Address \_\_\_\_\_

2 FEIN \_\_\_\_\_

3 Local Neighborhood Infrastructure Authority District Charter Number \_\_\_\_\_

4 Date of original assessment \_\_\_\_\_

5 Were you assessed by the Neighborhood Infrastructure Authority District between January 1, 2012 and December 31, 2015?  Yes  No  
If "Yes" is selected, please complete lines 6 through 9 below. If "No" is selected, no credit is allowable.

6			
7			
8		\$1,000	00

6 Enter amount of voluntary assessment paid .....

7 Multiply line 6 by 10% (.10) .....

8 Maximum Allowable Credit .....

**9 CREDIT ALLOWABLE.** Enter the lesser of line 7 or line 8 ..... **9** ●

**PART J – Summary**

**1 TOTAL CREDITS ALLOWABLE.** Add Part A, line 8, Part B, line 4, Part C, line 1, Part D, line 1, Part E, line 7, Part F, line 4, Part G, line 6, Part H, line 10, and Part I, line 9. Enter the total here and on Schedule NTC, line 4 ..... **1** ●

*Use this schedule to compute credits available to you.*

## What's New

Individual taxpayers must apply through My Alabama Taxes (MAT) at [www.myalabamataxes.alabama.gov](http://www.myalabamataxes.alabama.gov) and receive approval before certain credits are claimed on Schedule OC. Once logged into MAT, a taxpayer will need to select "Individual Income Tax" as their account type, then select "Submit a Credit Claim" from the "I Want To" menu on the right margin of the page and follow a short series of instructions/steps to claim a credit. Any supporting documentation for the credit claim is required to be attached in MAT. The process of "Submitting a Claim" through MAT must be completed to allow the recipients a credit claim. Taxpayers needing assistance with reserving a tax credit may call (334) 353-9770 or (334) 353-0602.

### 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 (MAT Approval Required)

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.*)

**Note: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.**

### 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 (MAT Approval Required)

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 employment. 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 cannot be claimed on both the Full Employment Act and Small Business and Agribusiness Jobs Credit (Schedule SBA) for the same employee.

**Note: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.**

### Part F – Veterans Employment Act (formerly Heroes For Hire Credit) Employee Credit (MAT Approval Required)

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 \$2,000 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.

**Note: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.**

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

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 \$2,000. 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.

**Note: If the credit you are claiming is from a Partnership or S Corporation, do not submit the credit claim through MAT. The credit claim will be submitted by the Partnership or S Corporation.**

**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  
(MAT Approval Required)**

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."