



Schedule FEC Full Employment Credit

Name Federal ID or Social Security number

Part 1. General Information

- 1 Type of business for which credit is being claimed (check only one):
Sole Proprietorship Partnership S Corporation Corporate Trust Financial Institution
Insurance Company Corporation Trust Public Service Corporation
Corporation included in a combined return (enter name and Federal ID number of principal reporting company):
Other (specify):
2 S Corporations only (check applicable box): (a) Corporation claiming credit (b) Shareholders claiming credit
3 Type of return this schedule is filed with:

Part 2. Computation of the Full Employment Credit. Use additional sheet, if necessary.

Table with 4 columns: a. Social Security number(s), b. Date eligible, c. No. of months of eligible employment, d. No. of months in col. C during 2000. Rows include employee names and summary totals for lines 5 and 6.

Part 3. Taxpayers Subject to Tax Under MGL Ch. 62

- 7 Total tax for determining allowable credit. Form 1, line 24; Form 1-NR/PY, line 28; Form 2, line 41; Form 3F, line 23
8 Total of Limited Income Credit, Credit for Taxes Paid to Other Jurisdictions, Energy Credit, Lead Paint Credit, Economic Opportunity Area Credit, Septic Credit and Brownfields Credit
9 Subtract line 8 from line 7. Enter result here. Not less than "0".
10 Full Employment Credit available this year. Add line 6 and prior years unused Full Employment Credit (from 1999 Schedule FEC, line 24)
11 Credit allowable for use in current year. If line 9 is greater than or equal to line 10, enter line 10. If line 9 is less than line 10, enter line 9.

Part 4. Taxpayers Subject to Tax Under MGL Ch. 63

- 12 Total corporate excise. Form 355A or 355B, Computation of Excise, line 4; Form 355S-A or 355S-B, Computation of Excise, line 6; or Form 355C-A or 355C-B, Schedule E, part 2, line 3; or Form 355SC, line 7.
13 Enter the amount from Schedule H, line 29, column b
14 Enter the amount from Schedule RC, line 26
15 Enter the amount from Schedule RC-A, line 30
16 Enter the amount from Schedule HM, line 14
17 Add lines 13, 14, 15 and 16
18 Subtract line 17 from line 12
19 Minimum corporate excise
20 Maximum allowable Full Employment Credit. Subtract line 19 from line 18. If "0" or less, you do not qualify for a credit this year, enter "0" in line 22 and complete Part 5. Otherwise, continue with this schedule
21 Full Employment Credit available this year. Add line 6 and prior years unused Full Employment Credit (from 1999 Schedule FEC, line 24)
22 Enter the smaller of line 20 or line 21 here and on the Computation of Excise

Part 5. Tax Credit Carryover for Future Years

23 Complete only if line 10 is more than line 9 or line 21 is more than line 20.

Table with 5 columns: Year, a. Unused credits from prior years and current-year credit, b. Portion used this year, c. Unused credit available (Amount), For. Rows for years 1997-2000 and a Totals row.

Schedule FEC Instructions

General Information

What Is the Full Employment Credit (FEC)?

Legislation provides for a Full Employment Credit (FEC) to provide paid work experience and on-the-job training. Qualified employers may claim the credit for months of eligible employment beginning on or after November 1, 1995.

What Is Eligible Employment?

Eligible employment is the number of full calendar months a participant has been employed after any state subsidy paid to the qualified employer for employing that participant under the Full Employment Credit (FEC) has expired.

Who May Claim the Credit?

Every qualified employer who participates in the Full Employment Program and continues to employ a participant for at least one full month after any Full Employment Program subsidy for that participant has expired may claim the Full Employment Credit. Qualified participants and employers are those who participate in the Full Employment Program under the rules of the Department of Transitional Assistance (DTA).

How Do You Compute the Credit?

A qualified employer may claim the Full Employment Credit equal to \$100 per month of eligible employment per participant. The maximum amount of credit that may be claimed in all taxable years with respect to each participant is \$1,200.

Are There Limitations to the Credit?

Yes. The FEC may not be applied to reduce any minimum excise under Ch. 63. Also, a qualified employer that participates in the filing of a combined Massachusetts return of income may apply the Full Employment Credit against the portions of the combined group's excise liability attributable to the qualified employer, determined in accordance with the provisions of 830 CMR 63.32B.1(8), and **not** against the excise liability of other group members. In determining the amount of the FEC allowable for a taxable year, the 50% limitation imposed by Ch. 63, sec. 32C does not apply.

Can the FEC Be Used in Combination with Other Credits?

Yes. The FEC may be applied in combination with other credits allowed under Ch. 63 or sec. 6 of Ch. 62 in any order.

May Excess Credits Be Carried Over From Year to Year?

Yes. Any portion of the FEC that cannot be applied in a taxable year may be carried over to the next taxable year, for a maximum of five successive taxable years.

Special S Corporation Rules

Claiming the Credit

A qualified Massachusetts S corporation employer taxable in any year under Ch. 63 may take the FEC for the taxable year against either or both the income or non-income measure of the corporate excise. Alternatively, the credit from such taxable year may be passed through to shareholders on a pro-rata basis. These alternatives are mutually exclusive.

Carryover of an S Corporation's Unused Credit

If an S corporation claims the FEC for a taxable year against its corporate excise liability, any unused credit from that year may be carried over by the S corporation only and applied only against its corporate excise liability for a maximum of five successive taxable years.

Carryover of Shareholders' Unused Credit

If an S corporation passes the FEC for a taxable year through its shareholders, any unused credit from that year may be carried over only by the shareholder and applied only against its Ch. 62 personal income tax liability for a maximum of five successive taxable years, regardless of whether the shareholder maintains an interest in the corporation in the taxable year in which the carryover credit is applied.

Line Instructions

Part 3. Taxpayers Subject to Tax under MGL Ch. 62

Line 7. Enter your total tax from Form 1, line 24; Form 1-NR/PY, line 28; Form 2, line 41; or Form 3F, line 23.

Line 8. Add the Limited Income Credit, Credit for Taxes Paid to Other Jurisdictions, Energy Credit, Lead Paint Credit, Economic Opportunity Credit, Septic Credit and Brownfields Credit, if any. Enter result in line 8.

Line 10. Add line 6 and prior years unused Full Employment Credit (from 1999, schedule FEC, line 24). This is the total of the FEC available this year.

Line 11. If line 9 is greater than or equal to line 10, enter line 10. If line 9 is less than line 10, enter line 9.

Enter the amount from line 11 on Form 1, Schedule Z; Form 1-NR/PY, Schedule Z; Form 2, line 42; or Form 3F, line 26.

Part 4. Taxpayers Subject to Tax under MGL Ch. 63

Line 12. Enter the amount of corporate excise from Form 355A or 355B, Computation of Excise, line 4; Form 355S-A or 355S-B, Computation of Excise, line 6; or Form 355C-A or 355C-B, Schedule E, part 2, line 3; or Form 355SC, line 7.

Line 20. Subtract line 19 from line 18. If "0" or less, you do not qualify for a current-year Full Employment Credit. Enter "0" in line 22 and complete Part 5. Otherwise, continue with this schedule.

Line 22. Enter the smaller of line 20 or line 21 here and on the Computation of Excise.