

**2017 Virginia  
Form 306B**

**Tax Credit Application for Coal  
Related Tax Credits**



**Read the instructions before completing Form 306B.** If additional space is needed, use an additional schedule or page.

For Calendar Year 2017. FISCAL YEAR filers: Enter beginning date \_\_\_\_\_, \_\_\_\_ and ending date \_\_\_\_\_, \_\_\_\_ and check here.

Name	FEIN or SSN
------	-------------

The **Coalfield Employment Enhancement Tax Credit** has expired. Only credits earned and reported on your 2014 Form 306 may be claimed.

The Coalfield Employment Enhancement Tax Credit allows 100% refunds for previously paid taxes imposed by the Commonwealth of Virginia that were incurred during the taxable year, up to the face value of the Coalfield Employment Enhancement Tax Credit. If any credit remains, it will be refunded at 85% of its face value. The remaining balance of the credit will be deposited into a regional fund administered by the Coalfields Economic Development Authority.

The amount of **Virginia Coal Employment and Production Tax Credits** you claim cannot exceed the amount of your total tax liability for the year during which the credit will be claimed. Electricity generators that originally earned the credit may carry forward amounts of credit for up to 10 taxable years or until the full amount is used, whichever is sooner. Persons with an economic interest in coal that receive a transfer of credits may no longer receive refunds of such credits and may not carry forward unused amounts of credits for use in future taxable years.

Form 306B is used to list each state tax which the Coalfield Employment Enhancement Tax Credit and the Virginia Coal Employment and Production Tax Credit will offset. The Coalfield Employment Enhancement Tax Credit earned and reported on the 2014 Form 306 will be allowable as a credit on the 2017 income tax return. You must have earned and reported the credit on your 2014 income tax return in order to claim the credit on your 2017 return. To claim the Virginia Coal Employment and Production Incentive Tax Credit, the credit must be allocated by December 31 of the year the coal was purchased. If you have received a transfer of Virginia Coal Employment and Production Incentive Tax Credits from an electricity generator, you must complete and enclose the Schedule 306C and all corresponding Forms 306T. Enclose a copy of the document showing payment of each tax amount claimed in Column E below.

Part I — Maximum Credit			
1.	(a) 100% of the Virginia Coal Employment and Production Incentive Tax Credit.	1(a).	
	(b) 100% of the Coalfield Employment Enhancement Tax Credit from 2014 Form 306, Line 11.	1(b).	
2.	<b>Total 100% Credit</b> - Add Line 1(a) and Line 1(b).	2.	

Part II — Credit Designation				
Complete Lines 3 through 8 below using the instructions shown on the following page. Do not include local taxes, taxes incurred by your customers, prior year taxes, addition to tax, penalty or interest paid, if any.				
Column A	Column B	Column C	Column D	Column E
Type of State Tax Paid for Taxable Year 2017	State Agency Administering Tax	Name of Taxpayer Earning Credit and Taxpayer Identification Number Under Which 2017 Payment(s) Made	Date(s) Paid and Tax Period	Tax Paid in Current Taxable Year
3.				
4.				
5.				
6.				
7.	Enter the total taxes paid from all additional pages here. (If additional space is needed, include additional pages.)			7.
8.	<b>Total Tax Liability.</b> Add Lines 3 - 7 above and enter here.			8.



Name	FEIN or SSN
------	-------------

**Part III — Credit Calculation**

9. Are you claiming the <b>Virginia Coal Employment and Production Incentive Tax Credit</b> ?	<input type="checkbox"/> <b>Yes</b> (Go to Section A) <input type="checkbox"/> <b>No</b> (Go to Section B)
-----------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------

**SECTION A — VIRGINIA COAL EMPLOYMENT AND PRODUCTION INCENTIVE CREDIT**

10. <b>Current Year Credit.</b> (a) If the amount on Line 1(a) is greater than Line 8, enter the amount from Line 8. Then, go to Line 11. (b) If the amount on Line 8 is greater than Line 1(a), enter the amount from Line 1(a). Then, skip to Line 12.	10.	
11. <b>Excess Credit Amount.</b> Subtract Line 8 from Line 1(a). If you are claiming <b>only</b> the Coal Employment and Production Incentive Credit, stop here. This is your carryover amount. <u>Note:</u> Taxpayers who receive a transfer of credits may not carry forward such credits. If you are <b>also</b> claiming the Coalfield Employment Enhancement Credit, complete Lines 13 through 16.	11.	
12. <b>Remaining Tax Liability.</b> Subtract Line 1(a) from Line 8 and enter here. This is the amount of tax you owe. If you are claiming <b>only</b> the Coal Employment and Production Incentive Tax Credit, stop here. If you are <b>also</b> claiming the Coalfield Employment Enhancement Tax Credit, go to Section B.	12.	

**SECTION B — COALFIELD EMPLOYMENT ENHANCEMENT CREDIT**

<b>Full Credit</b>		
13. (a) If you are <b>only</b> claiming the Coal Employment Enhancement Credit and Line 1(b) is greater than the amount on Line 8, enter the amount from Line 8.  If you are <b>also</b> claiming the Coal Employment and Production Incentive Credit and Line 1(b) is greater than the amount on Line 12, enter the amount from Line 12.  Enter the result here and on Schedule CR, Section 3, Line B (individuals) or Schedule 500CR, Section 3, Part 1, Line B (corporations). Then go to Line 14.	13.	
(b) If you are <b>only</b> claiming the Coal Employment Enhancement Credit and Line 8 is greater than Line 1(b), enter the amount on Line 1(b).  If you are <b>also</b> claiming the Coal Employment and Production Incentive Credit and Line 12 is greater than Line 1(b), enter the amount on Line 1(b).  Enter this amount on Schedule CR, Section 3, Line B (individuals) or Schedule 500CR, Section 3, Part 1, Line B (corporations).		
<b>Excess Credit</b>		
14. If you are <b>only</b> claiming the Coal Employment Enhancement Credit subtract Line 8 from Line 1(b). If you are <b>also</b> claiming the Coal Employment and Production Incentive Credit subtract Line 12 from Line 1(b).	14.	
15. Multiply the amount on Line 14 by 85% (0.85). Enter here and on Schedule CR, Section 3, Part 1, Line C (individuals) or Schedule 500CR, Section 3, Part 1, Line C (corporations).	15.	
16. Multiply the amount on Line 14 by 15% (0.15). This amount is deposited into a fund administered by the Coalfields Economic Development Authority.	16.	

# Instructions for Completing 2017 Form 306B, Tax Credit Application for Coal Related Credits

## General Information

You may claim only the Coalfield Employment Enhancement Tax Credit OR the Virginia Coal Employment and Production Incentive Tax Credit that has been allocated to you per ton of coal.

### Virginia Coal Employment and Production Incentive Tax Credit

Electricity generators in Virginia may earn the Virginia Coal Employment and Production Incentive Tax Credit in an amount equal to \$3 per ton for each ton of coal purchased and consumed by such electricity generator. The person who sold the coal to the electricity generator must certify that it was mined in Virginia. The Virginia Coal Employment and Production Incentive Tax Credit may be allocated between a qualifying electricity generator and qualifying person with an economic interest in coal. The amount of Virginia Coal Employment and Production Tax Credits you claim may not exceed the amount of your total tax liability for the year during which the credit will be claimed. Electricity generators that originally earned the credit may carry forward amounts of credit for up to 10 taxable years or until the full amount is used, whichever is sooner. Persons with an economic interest in coal that receive a transfer of credits may no longer receive refunds of such credits and may not carry forward unused amounts of credits for use in future taxable years.

### Coalfield Employment Enhancement Tax Credit

**The Coalfield Employment Enhancement Tax Credit has expired.** Only credits earned in prior years can be claimed. See the Credit Redemption Schedule below for details.

**Credit Redemption Schedule**

Taxable Year Earned	Taxable Year to Claim
2013	2016
2014	2017
2015	2018
2016	2019

The Coalfield Employment Enhancement Tax Credit allows 100% refunds for previously paid taxes imposed by the Department of Taxation that were incurred during the taxable year up to the face value of the credit. If the total credit is larger than the sum of all state taxes paid during the taxable year, 85% of the excess credit will be redeemed by the Department of Taxation to you as a refund on your income tax return. The remaining 15% of the credit will be deposited in a regional economic development fund administered by the Coalfields Economic Development Authority. The credit will be

administered and redeemed only by the Virginia Department of Taxation, regardless of which Virginia agency received the tax payments. This credit applies only to state taxes paid in the current taxable year; it does not apply to prior year or future year taxes, any addition to tax, penalty or interest, local taxes, or license fees. After filing your Virginia income tax return, if you discover that you overpaid or underpaid a tax on which this credit was computed (Lines 3 through 7), you must file an amended income tax return with the Virginia Department of Taxation to reflect the change.

In instances where a combined or consolidated Virginia corporation income tax return is filed which includes corporations which were not eligible to claim the credit, special rules apply. In such cases, the credit as calculated above is used to offset the combined or consolidated Virginia corporate income tax liability. However, any remaining credit can only be used to offset other state taxes incurred by the corporations in the consolidated or combined group which actually earned the credit or meet the criteria of the 80% test described in Public Document 00-186.

See Virginia Tax Bulletin 97-1 for additional information about this credit.

## Line Instructions for 2017 Form 306B

*The instructions for lines not mentioned below are self-explanatory.*

### PART I — MAXIMUM CREDIT

**Line 1:** (a) Enter 100% of the Virginia Coal Employment and Production Incentive Credit. For electricity generators who have not allocated this tax credit, Line 1(a) is calculated by multiplying the number of tons of qualifying coal purchased and consumed during the taxable year by \$3.00. For electricity generators who have allocated this tax credit to persons with an economic interest in coal, Line 1(a) equals the amount of the credit that has been retained by them for the taxable year, if any. For persons with an economic interest in coal, Line 1(a) equals the amount from 2017 Schedule 306C Line 21.

(b) Enter 100% of the **Coalfield Employment Enhancement Tax Credit** earned and reported on your 2014 Form 306.

**Line 2:** Add Lines 1(a) and 1(b). This is the total coal related credit amount that can be claimed for the current taxable year.

## PART II — CREDIT DESIGNATION (LINES 3 - 8)

Complete Lines 3 through 7, listing each qualifying current year state tax paid to the Virginia Department of Taxation or any other state agency during the taxable year, then enter the total of Lines 3 through 7 on Line 8. Taxes paid to federal or local government agencies do not qualify.

Qualifying state taxes are those incurred and paid by you. Examples of qualifying taxes paid to the Virginia Department of Taxation are the corporate income tax, tire tax, and retail sales tax (to the extent that the sales tax was paid for nonexempt purchases for use by you). Taxes which are merely collected, held in trust, and then remitted to the Department of Taxation do not qualify for this credit. Examples of non-qualifying taxes include employer withholding tax and retail sales tax paid by your customers. In addition, this credit may not include any addition to tax (computed on Forms 760C, 760F, or 500C), penalty, interest, or prior year taxes.

The credits must first be applied against the income tax shown on your income tax return and then against all other taxes imposed by the Commonwealth of Virginia that were incurred and paid by you during the taxable year.

When completing Lines 3 - 7, enter the tax shown on your income tax return, less any other tax credits claimed which have a higher priority. (As a general rule, credits are claimed in the order in which they provide the best tax advantage. For example, credits without carryover provisions are generally claimed before credits with carryover provisions.)

**Column A** Enter the name of the state tax for which credit is claimed for tax paid. For example: "corporation income tax."

**Column B:** Enter the name of the state agency to which the tax in Column A was paid.

**Column C:** Enter the taxpayer name and account number under which the tax was paid. For example, if the tax was paid to the Virginia Department of Taxation, enter your name and the account number used when making the payment. If credit is claimed for a pass-through distribution from a partnership, limited liability company, or subchapter S corporation, enter the name and account number shown on the statement from that entity.

**Column D:** Enter the date that the payment was made and the taxable period for which the payment was applied. For example, if claiming credit for a use tax payment made on April 15, 2017, for the period January through March, enter "1st quarter use tax paid April 15, 2017." If additional space is required, use an additional page.

**Column E:** Enter the amount of tax that was reported in Column D.

**Line 8:** Add the amounts reported in Column E, Lines 3 - 7. This is your **total tax liability** for the taxable year in which the credit will be claimed.

## PART III — CREDIT CALCULATION

### Section A — Virginia Coal Employment and Production Incentive Tax Credit

**Line 9:** Check the appropriate box to identify the credit(s) you are claiming. If you are claiming the nonrefundable Virginia Coal Employment and Production Tax Credit, go to Line 10. If you are claiming only the refundable Coalfield Employment Enhancement Tax Credit, skip to Line 13.

**Line 10:** Compute the amount of the Virginia Coal Employment and Production Tax Credit that can be claimed on your return for the current taxable year as follows:

If the amount on Line 1(a) is greater than Line 8, enter the amount from Line 8. Then, go to Line 11.

If the amount on Line 8 is greater than Line 1(a), enter the amount from Line 1(a). Then, skip to Line 12.

**Line 11:** Subtract the amount on Line 8 from the amount on Line 1(a). If you are the electricity generator that originally earned the credit, this amount can be carried over for 10 years or until the total remaining credit is taken, whichever is sooner. If you are a person with an economic interest in coal that received a transfer of credits, you may not carry over unused credits or receive refunds of such credits.

If you are only claiming the Coal Employment and Production Incentive Tax Credit, stop here. If you are also claiming the Coalfield Employment Enhancement Tax Credit, proceed to Section B.

**Line 12:** If the tax liability on Line 8 exceeds the amount of allowable credit for the current tax year, subtract Line 8 from Line 1(a). This is your tax liability remaining after the credit is applied.

### Section B — Virginia Coalfield Employment Enhancement Tax Credit

**Line 13:** Determine the amount of the Coalfield Employment Enhancement Tax Credit that can be redeemed at 100% of face value as follows:

Compare the amount on Line 8 (or Line 12 if also claiming the Coal Employment and Production Incentive Tax Credit) to the amount on Line 1(b).

- If you are only claiming the Coal Employment Enhancement Credit and Line 1(b) is greater than the amount on Line 8, enter the amount from Line 8.

If you are also claiming the Coal Employment and Production Incentive Credit and Line 1(b) is greater than the amount on Line 12, enter the amount on Line 12.

This is the amount of Coalfield Employment Enhancement Tax Credit that can be redeemed at 100% of face value. Proceed to Line 14 to determine the amount of credit that can be refunded at 85% of face value.

- If the tax liability on Line 8 (or Line 12 if also claiming the Coal Employment and Production Incentive Tax Credit) is greater than Line 1(b), enter the amount from Line 1(b). The amount remaining after the credit is applied is your tax liability for the current taxable year.

**Line 14:** Subtract Line 8 (or Line 12 if also claiming the Coal Employment and Production Incentive Tax Credit) from Line 1(b) to determine the excess credit.

**Line 15:** Multiply the amount on Line 14 by 85% (0.85). This is the excess credit amount that can be refunded at 85% of face value.

**Line 16:** Multiply the amount on Line 14 by 15% (0.15). This amount will be deposited into a regional economic development fund.

---

### Filing the 2017 Form 306B

---

#### WHAT TO ENCLOSE

Taxpayers claiming the credit must submit:

- Form 306B
- Schedules 306C and 306T, if applicable.
- A copy of the document filed with the applicable state agency showing payment of the tax for which the credit is claimed.

#### WHERE TO GET HELP

For additional information or to order forms, write to the **Virginia Department of Taxation, P.O. Box 5126, Richmond, VA 23220-0126** or call **(804) 367-8031 (individuals)** or **(804) 367-8037 (businesses)**. You can obtain most Virginia income tax forms and additional tax information by visiting [www.tax.virginia.gov](http://www.tax.virginia.gov).

---

#### Information for Pass-Through Entities

---

Pass-through entities must provide their shareholders, partners or members with a copy of the entity's Form 306B to enclose with their returns. In addition, all pass-through entities distributing this credit to their owners, shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income And Virginia Modifications And Credits.

Each partnership or limited liability company distributing this credit must also send a copy of the same partner or member information directly to the **Virginia Department of Taxation, ATTN: Coalfield Employment Enhancement Tax Credit Distribution, P.O. Box 5126, Richmond, Virginia 23220-0126** within 60 days of making the distribution.

**2017 Virginia  
Schedule 306C**

**Recapitulation of Virginia Coal  
Employment and Production  
Incentive Tax Credit Allocation**



Page \_\_\_ of \_\_\_

Name of Company	FEIN or Social Security Number
-----------------	--------------------------------

Use this schedule to summarize the information from your Forms 306T. Enclose a separate schedule if more space is needed.

- Column A:** Transferor Name (Form 306T, Section II, B)
- Column B:** Transferor FEIN (Form 306T, Section II, C)
- Column C:** Date coal was sold. (Form 306T, Section I, A)
- Column D:** Invoice Number (Form 306T, Section I, B)
- Column E:** Number of tons sold to transferor (Form 306T, Section I, C)
- Column F:** Amount of credit that is to be allocated to you. This may not exceed \$3 per ton of coal. (Form 306T, Section IV, C)

**Enclose Schedule 306C and all Forms 306T with Form 306B.**

	Column A Transferor Name <small>(Form 306T, Section II, B)</small>	Column B Transferor FEIN <small>(Form 306T, Section II, C)</small>	Column C Date of Sale <small>(Form 306T, Section I, A)</small>	Column D Invoice Number <small>(Form 306T, Section I, B)</small>	Column E Number of Tons Sold <small>(Form 306T, Section I, C)</small>	Column F Portion of Credit <small>(Form 306T, Section IV, C)</small>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	<b>Total Credit:</b>					
<small>Enter here and on Schedule 306B, Line 1(a).</small>						