

## II. Income Tax Credits and Exemptions

### A. For Business

#### 1. The Investment/New Jobs Income Tax Credit

(68 O.S. § 2357.4)

For more information contact the Oklahoma Tax Commission at (405) 521-3133 or [helpmaster@tax.ok.gov](mailto:helpmaster@tax.ok.gov). For forms, visit [www.tax.ok.gov](http://www.tax.ok.gov)

#### Downloads:

[Investment/New Jobs Credit – Form 506](#)

[Oklahoma Resident Individual Income Tax - Form 511](#)

[Oklahoma Corporate Income Tax – Form 512](#)

Manufacturers who hold a manufacturer's sales tax exemption permit may choose this income tax credit based on either an investment in depreciable property or on the addition of full-time equivalent employees engaged in manufacturing, processing or aircraft maintenance. Participation in this benefit prohibits a manufacturer from participating in the Quality Jobs Program unless the manufacturer makes a qualifying capital investment in excess of \$40 million. See information in Section 2 below.

Manufacturers that invest in qualified new depreciable property and also hire new employees may compute the five-year tax credit either (1) by calculating 1% of the qualifying investment or (2) by multiplying \$500 per new employee, and then choosing whichever credit is larger. The maximum credit in the first five years equals up to 5% of the investment, or \$2,500 per new employee. The credit doubles for most investments in excess of \$40 million or for those qualified investments in an Enterprise Zone. Credits may reach as high as 10% of new investment, or \$5,000 per new employee. Any credit allowed but not used in the initial five-year period, for investments after January 1, 2000, may be carried over until used by the company.

Investment in depreciable property must equal at least \$50,000, and the number of employees must not decrease as a result of the investment. Qualified property includes all machinery, fixtures and buildings, including warehousing or substantial improvements to buildings used in a manufacturing operation on a manufacturing site. Eligibility is initially determined each year by the taxpayer on its income tax return.

If an employer wishes to take the credit based on an increase in the number of full-time equivalent employees engaged in manufacturing, processing, or aircraft maintenance, each new position on which the credit is based must earn at least \$7,000 in wages or salary per year. After the first year of the initial employee increase, an additional credit may be earned for up to four more years. Eligibility is determined each year by the taxpayer on its annual tax return.

The credit is computed on a year-by-year basis. Therefore, a company that had qualified in one year for the credit based on new employees hired, but experiences a reduction in employment the next year, would still qualify for a partial credit, unless employment fell below the employment level for the year prior to the first year the credit was allowable. If,