

**2006 Credit for Employing National Guard Members**

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**Phone Numbers**

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If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Form orders	(602) 542-4260
Recorded Tax Information	
Phoenix	(602) 542-1991
From area codes 520 & 928 toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: [www.azdor.gov](http://www.azdor.gov)

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**General Instructions**

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For taxable years beginning on or after January 1, 2006, Arizona law provides a credit for employers who have an employee that is a member of the Arizona National Guard if the employee is placed on active duty.

The credit is \$1,000 for each employee who is placed on active duty by the Arizona National Guard.

To qualify for the credit, all of the following must apply:

1. The employee must be a member of the Arizona National Guard.
2. The employee must be in a full time equivalent position when the employee is placed on active duty.
3. Each member of the Arizona National Guard who is employed must have served during the taxable year on active duty for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies.

You may claim this credit only once in any taxable year with respect to each employee who is placed on active duty by the Arizona National Guard. However, you may claim the credit again for that employee in a subsequent year if that employee remains on active duty or is placed again on active duty in a subsequent taxable year.

If the allowable credit exceeds your income tax liability, you may carry over any unused amount for up to five taxable years.

This credit is available to individuals, corporations and S corporations. A partnership may pass the credit through to its partners. An S corporation may also pass the credit through to its shareholders.

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**Part I - Business Information**

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**Lines 1 through 3 -**

On lines 1, 2 and 3, enter the name, address, and federal employer identification number of the business that employs qualifying employees.

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**Part II – Credit Computation**

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**Form 333-1 and Lines 4 through 6 -**

Before completing lines 4 through 6, complete Arizona Form 333-1. This is a listing of all employees for which you are claiming the credit.

**Form 333-1 Qualifying Employees**

An eligible employee is an employee in a full time equivalent position who is placed on active duty by the Arizona National Guard. To be eligible for the credit, each Arizona National Guard member must have served, during the taxable year, on active duty for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies.

**Lines 4 through 6**

The credit is \$1,000 for each qualifying employee that is placed on active duty by the Arizona National Guard. Complete lines 4 through 6 as instructed on the form.

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**Part III - S Corporation Credit Election and Shareholder's Share of the Credit**

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**Line 7 -**

The S corporation must complete this portion of the Form 333 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

**Lines 8 through 10 -**

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 8 through 10.

S corporations must complete Form 333, Parts I through III. The S corporation must complete Part III, lines 8 through 10, separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 333.

Each shareholder must complete Parts V and VI.

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**Part IV - Partner's Share of Credit**

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Partnerships must complete Form 333, Parts I and II. Then complete Part IV, lines 11 through 13, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of the completed Form 333.

Each partner must complete Parts V and VI.

**Part V - Available Credit Carryover****Lines 14 through 19 -**

**Note:** *Since 2006 is the first year for this credit, there can be no carryover from a prior year. For the 2006 taxable year, do not enter any amount on lines 14 through 19.*

Use Part V to figure your total available credit carryover. Complete lines 14 through 19 if you claimed the credit on a prior year return and the credit was more than your tax.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 14 through 18. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 14 through 18 in column (d). Enter the total on line 19, column (d).

**Part VI - Total Available Credit****Line 20 -**

Individuals, corporations, or S corporations claiming the credit, enter the amount from Part II, line 6. S corporation shareholders, enter the amount from Part III, line 10. Partners of a partnership, enter the amount from Part IV, line 13.

**Line 21 -**

Enter the amount from Part V, line 19, column (d).

**Line 22 -**

Add lines 20 and 21. Enter the total.

Individuals, also enter the total available credit on Arizona Form 301, Part I, line 20.

Corporations, also enter the total available credit on Arizona Form 300, Part I, line 14.