

2024 Credit for Employing National Guard Members

For information or help, call one of the numbers listed:

Phoenix (602) 255- 3381
From area codes 520 and 928, toll-free (800) 352- 4090

Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at www.azdor.gov.

Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Procedures* or *Rulings* from the drop-down menu. Using the Category box, select the tax type and then scroll down to find the *Document ID* or use the *Search Keyword* function to locate the document.

Publications

To view or print the department's publications, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Publications* from the drop-down menu.

General Instructions

- **Individual taxpayers that did not make the Small Business Income election.** complete this credit form and Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture. Include both completed forms with your Individual Income Tax Return (Form 140, 140PY, 140NR, or 140X).
- **Individual taxpayers that made the Small Business Income election.** complete this credit form and Arizona Form 301-SBI, Nonrefundable Individual Tax Credits and Recapture for Form 140-SBI, 140PY-SBI, 140NR-SBI and 140X-SBI. Include both completed forms with your SBI Tax Return (Form 140-SBI, 140PY-SBI, 140NR-SBI, or 140X-SBI).

Corporate taxpayers including exempt organizations with unrelated business taxable income: You **must** also complete Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture, and include Forms 300 and 333 with your tax return to claim this credit.

Partnerships passing the credit through to its partners must also complete and include a separate Form 333-P for each partner receiving a pass-through credit.

S Corporations passing the credit through to its shareholders must also complete and include a separate Form 333-S for each shareholder receiving a pass-through credit.

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:

- The employee must be a member of the Arizona National Guard.
- The employee must be in a full-time equivalent position when the employee is placed on active duty.
- 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 the 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 the next five consecutive taxable years.

NOTE: *The maximum amount of credit established for the current taxable year does **not** include any unused valid carryover amount(s) from prior taxable years. Because this is a nonrefundable tax credit, the total amount of available credit [current year plus any valid carryover amount(s)] that a taxpayer may use for the taxable year cannot be greater than the tax liability shown.*

This credit is available to individuals, C Corporations, and S Corporations. A partnership may pass the credit through to its partners. An S Corporation may pass the credit through to its shareholders.

NOTE: *Partnerships passing the credit through to its partners must complete Form 333, Parts 1, 2 and 3; and Form 333-P for each partner.*

S Corporations, who elect to pass through the credit to its shareholders, must complete Form 333, Parts 1, 2 and 4; and Form 333-S for each shareholder. If the S Corporation has a carryover amount available from claiming the credit in a prior taxable year, the S Corporation must also complete Parts 5 and 6 of Form 333.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate the UBTI.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) or Employer Identification Number (EIN) as shown on Arizona Forms 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). The TIN for a business is the EIN. Taxpayers that fail to include their identification number may be subject to a penalty.

NOTE: Complete Parts 1, 2, and 6, if you are claiming a new credit for the current tax year. If you are passing-through this credit, complete Parts 1 through 4 and Form 333-P or Form 333-S.

If you are **only** claiming a carryover amount available from a previous credit, complete Parts 1, 5 and 6.

Part 1 - Business Information

Complete lines 1, 2, and 3 for the business that employed the qualifying National Guard Members.

Lines 1 through 3

Enter the name, address, and EIN of the business that employs qualifying employees.

Part 2 - Credit Computation

NOTE: Before completing Part 2, lines 4 through 6, complete Form 333-1, Qualifying Employees, as instructed on the form. Form 333-1 is a listing of all employees for which you are claiming the credit. If you have more than 16 qualifying employees, complete additional schedule(s) and include with the credit form.

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.

Line 7

Enter the amount from Form 333-P, line 4. If you received more than one Form 333-P, add all amounts on line 4 and enter the total.

Line 8

Enter the amount from Form 333-S, line 4. If you received more than one Form 333-S, add all amounts on line 4 and enter the total.

Line 9 - Total Credit

Add lines 6, 7, and 8. Enter the total.

Part 3 - Partner's Share of Credit

Partnerships:

- Do not complete Parts 5 and 6 of Form 333.
- Complete Form 333-P, *Credit for Employing National Guard Members – Distribution to Partners*, separately for each partner. Form 333-P is available on our website. The instructions for completing Form 333-P are included on page 4 of these instructions.
- Furnish each partner with a copy of their completed Form 333-P.

Part 4 - S Corporation Credit Election and Shareholder's Share of Credit

Line 10

The S Corporation must complete this portion of Form 333 in order for the S Corporation or its shareholders to claim this credit. 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 make an irrevocable election either to claim the credit (check box a) or to pass the credit through to its shareholders (check box b).

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.

- If box (a) is checked, continue to Part 5.
- If box (b) is checked:
 - Complete a separate Form 333-S, *Credit for Employing National Guard Members – Distribution to Shareholders*, for each shareholder. Form 333-S is available on our website. The instructions for completing Form 333-S are included on page 4 of these instructions.
 - Furnish each shareholder with a copy of their completed Form 333-S.
 - S Corporations that have a carryover available from a credit in a prior year must complete Part 5 and Part 6, lines 18 and 19. If no carryover is available, do not complete Part 5 and Part 6.

Part 5 – Available Credit Carryover

Lines 11 through 16

Complete Part 5, lines 11 through 16 to figure your available credit carryover from taxable years 2018 through 2022.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 11 through 15 in column (d).

Enter the total on line 16, column (d).

Part 6 - Total Available Credit

Line 17

Individuals, C Corporations, S Corporations claiming the credit, or exempt organizations with UBTI, enter the amount from Part 2, line 9.

- **Individuals that did not make the Small Business Income election:** – Also enter this amount on Form 301, Part 1, line 11, column (a).
- **Individuals that made the Small Business Income election:** Also enter this amount on Form 301-SBI, Part 1, line 7, column (a).

- Corporations, S Corporations claiming the credit, and exempt organizations with UBTI claiming the credit: Also, enter this amount on Form 300, Part 1, line 6, column (a)

Line 18

Enter the amount from Part 5, line 16, column (d).

- *Individuals that did not make the Small Business Income election:* – Also enter this amount on Form 301, Part 1, line 11, column (b).
- *Individuals that made the Small Business Income election:* Also enter this amount on Form 301-SBI, Part 1, line 7, column (b).
- Corporations, S Corporations claiming the credit, and exempt organizations with UBTI claiming the credit: Also, enter this amount on Form 300, Part 1, line 6, column (b)

Line 19 -Total Available Credit

Add lines 17 and 18. Enter the total.

- *Individuals that did not make the Small Business Income election:* – Also enter this amount on Form 301, Part 1, line 11, column (c).
- *Individuals that made the Small Business Income election:* Also enter this amount on Form 301-SBI, Part 1, line 7, column (c).
- Corporations, S Corporations claiming the credit, and exempt organizations with UBTI claiming the credit: Also, enter this amount on Form 300, Part 1, line 6, column (c).

Form 333-P, Credit for Employing National Guard Members - Distribution to Partners

NOTE: Form 333-P is available on the department's website.

Instructions for Partnerships Passing the Credit to Partners

Part 1 – Partnership and Partner Information

Line 1 (a) and (b)

In the space provided, enter the name of the partnership and employer identification number.

Line 2 (a) and (b) and (c)

In the space provided, enter the partner's name and SSN or employer identification number, and ownership percentage.

Each partner is entitled to a *pro rata* share of the credit, based on its ownership percentage.

Part 2 - Distribution of Credit

Line 3

Enter the partnership's current year's credit from Form 333, Part 2, line 9.

Line 4

Multiply line 3 by the partner's ownership percentage and enter the result.

Instructions for Partners receiving Form 333-P

- Enter the amount from Form 333-P, line 4, on *your own* Form 333, in Part 2, on line 7.
If you are claiming a pass-through credit from more than one partnership, add all amounts from Forms 333-P, line 4, and enter the total on Form 333, in Part 2, on line 7.
- If the partner is another partnership, it must complete a separate Form 333-P for each partner identifying the partner's *pro rata* share of the pass-through credit amount and qualifying wage expense.
- If the partner is an S Corporation and the S Corporation elects to pass through the credit to its shareholders, it must also complete a separate Form 333-S for each shareholder identifying the shareholder's *pro rata* share of credit amount and qualifying wage expense.
- If the partner is a C Corporation, S Corporation (electing to claim the credit), or an exempt organization with UBTI, it must complete its own Form 333 to claim the credit.

NOTE: If you file your income tax return on a calendar year basis (January 1, 2024 – December 31, 2024) but the partnership or S Corporation passing the credit files its return on a fiscal year basis, claim the pass-through credit on your income tax return for the year in which the partnership or S Corporation's fiscal year ends. For example, if the entity's tax year ends in February 2024, claim this credit on your 2024 tax return.

Form 333-S, Credit for Employing National Guard Members - Distribution to Shareholders

NOTE: Form 333-S is available on the department's website.

Instructions for S Corporations Passing the Credit to Shareholders

Part 1 – S Corporation Corporation and S Information

Line 1 (a) and (b)

In the space provided, enter the name of the S Corporation and employer identification number.

Line 2 (a) and (b) and (c)

In the space provided, enter the shareholder's name and SSN, and ownership percentage.

Each shareholder is entitled to a *pro rata* share of the credit, based on its ownership percentage.

Part 2 - Distribution of Credit

Line 3

Enter the S Corporation's current year's credit from Form 333, Part 2, line 9.

Line 4 -

Multiply line 3 by the shareholder's ownership percentage and enter the result.

Instructions for Shareholders receiving Form 333-S

- Enter the amount from Form 333-S, line 4, on *your own* Form 333, in Part 2, on line 8.
If you are claiming a pass-through credit from more than one S Corporation, add all amounts from Forms 333-S, line 4, and enter the total on Form 333, in Part 2, on line 8.