

2015 PIR/JCTC Annual Report Instructions

These instructions supplement the email request sent to you by the City.

The Property Investment Reimbursement (PIR) Agreement or Job Creation Tax Credit (JCTC) Agreement between your Company and the City of Cincinnati requires the submission of an annual report to the City no later than sixty or ninety days following the end of each Tax Year. Requirements for reporting can be found in the section of the agreement titled "Submission of Annual Reports."

For the 2015 report, the City is extending the deadline to May 2, 2016 to provide you with more time to review the documentation required and to streamline our process at the City for verifying your employee data and providing tax credit verification letters.

Please report 2015 information using the forms and attachments provided on our website at <http://www.choosecincy.com/services/business-development-resources/tax-credits>. Scroll to the bottom of the webpage to find **PIR/JCTC ANNUAL REPORTING FORMS** and the following report templates:

- *2015 PIR/JCTC Annual Report Instructions* – the document you are reading.
- *2015 PIR/JCTC Annual Report Form* – this is the main form. It is included at the bottom of your email/request letter.
- *2015 PIR/JCTC Employee Listing Excel Template* – this is a spreadsheet template for your employees listing. Employee listings are a required part of the report so that we can verify your employee data.
- *2015 PIR/JCTC Job Numbers and Tax Credit Calculation Excel Template* – this is the spreadsheet for calculations of average FTEs, Net New Employees, and the actual tax credit. There are two different templates:
 - 3-month Averages uses 3-month averages for all baseline, project, and new employee calculations.
 - 12-month Averages uses 3-month averages for baseline figures, and 12-month averages for project and new employee calculations.
 - *Select these documents based on the definition of Net Number of New Employees and calculations stated in the Employment Retention section of your City agreement.*

Much of the basic information on the main form above can be found in your PIR/JCTC Agreement. In an effort to simplify the completion of this form, at the bottom of your request email/letter the City has provided the information from its PIR/JCTC database that will complete many of these basic fields. If any of this information is incorrect, please correct it on the actual form, and staff will adjust the database accordingly. Other comments about this method would be appreciated as staff attempt to make this process as easy as possible for both you and the City.

Please complete all three attachments and submit them by May 2, 2016 to

Department of Community and Economic Development
City of Cincinnati
Attn: Monitoring and Compliance
Two Centennial Plaza
805 Central Avenue, 7th Floor
Cincinnati, OH 45202

Or to Michael Banish at Michael.banish@cincinnati-oh.gov.

Failure to submit the required information by the above deadline will be considered a default on the agreement and could jeopardize your company's tax credits. If you have any questions related to this report, please contact Michael Banish at (513) 352-1958, or at the email address above.

Annual Report Procedure

The City recommends the following steps to complete and submit these forms properly.

- 1) Read the *Instructions* document. (You are doing that now.)
- 2) Compile the *Employee Listing Excel Template*. Be sure to include at least last name, social security number, start and end dates, and total income taxes paid. These data remain confidential.
- 3) Determine whether your Net Number of New Employees definition is based on a 3-month or a 12-month average. This will be stated early in the Agreement.
- 4) Determine whether your Employee Retention definition is based on a 3-month or 12-month average. This will be stated in **SECTION 3-PROJECT; JOB CREATION AND RETENTION** of your agreement.
- 5) Choose the correct *Job Numbers and Tax Credit Calculation Excel Template* (3-month average or 12-month average) and compile the data and run the calculations to determine your estimated tax credit.
- 6) Use the data from above to complete the *2015 Annual Report Form*. You can use the form on the bottom of your email/request letter or complete the blank document from the City website. If you use the email/request letter, check ALL fields and revise existing fields as needed.
- 7) Procure your authorized signatures (CEO and CFO).
- 8) Submit ALL 3 DOCUMENTS to the address below by **Monday, May 2, 2016**. You can use email (sign and scan and send as attachments) or U.S. Mail.

If you have questions, please do not hesitate to contact me at the email address below or by phone at (513) 352-1958.

2015 PIR/JCTC Annual Report Form

This form is at the bottom of your email/request letter and on the ChooseCincy.com website. It should be entirely filled out and signed by the CEO and CFO of your Company. It can then be mailed to the address above or scanned and emailed to Michael Banish at the email address above. It is recommended that you first complete the two Excel Templates before completing this form.

City Agreement # -- comes from the email. This is the number on the actual agreement between the Company and the City of Cincinnati.

- A. Taxpayer Information – this is basic information about the Company.
 1. Name of the business entity receiving the tax credits
 2. CEO name and title
 3. Federal Tax Identification numbers – include the Company’s primary ID as well as any affiliate IDs that have locations in the City of Cincinnati. The City Income Tax Division will verify your employee information based on these Tax Ids.
 4. Ohio Franchise Tax ID – if you are registered with the Ohio Secretary of State you may also have a Tax ID number from Ohio.

- B. Tax Credit Annual Reporting Contact Information – please let the City know if this is a new contact by checking or circling YES or NO. Please complete all information so that City records can remain updated, even if you are using email to submit your report.

- C. PIR/JCTC Project Information – the data in this section is highlighted, so most of it should be available at the bottom of the request email/letter. These data can also be found in your PIR/JCTC Agreement.

- D. Job Creation and Retention Performance – this data should be accurate as of December 31, 2015. Some of the figures are available in the request email/letter, as highlighted. The other data should come from your employee listing.
 1. 2015 Actual (#) – is the number of FTEs in each category.
 2. 2015 Payroll (\$) – this is asking for the total amount of payroll in each category.

- E. Supplemental Information
 1. Total Expenditures toward Accomplishing the Project to Date – This total will likely remain the same once the project is completed. If the project is not complete, please provide the total project expenditures as of the end of the year. This will allow staff to monitor progress and assess compliance with project timelines in the Agreement, if any.
 2. Disadvantaged Persons and Minorities – the City monitors the number of projects receiving incentives that use disadvantaged or minority persons when they hire new employees.

- F. 2015 Annual PIR/JCTC Information – use the figures in your *Job Numbers and Tax Credit Calculation Excel Template* for this section. Averages refer to either the last 3 months of 2015 or all 12 months of 2015. Each agreement is different, so check the request email/letter or your agreement for the correct period for averages.
 1. Net Number of New Employees – use the third page of the *Calculation Template* for this number. It is based on Average New Employees, Average Citywide Employees, and Average Aggregate Employees; and uses the lesser of these three figures. The purpose behind using these calculations is to ensure that the Company does not count as “New” transfer employees from other city sites owned by the Company (Citywide employees) or its affiliates (Aggregate employees).
 2. New Income Tax Revenue – this is defined in the Agreement and typically refers to the taxes paid by new employees. This number will be adjusted by City staff once the employee data is

verified by the City Income Tax Division. Income Tax will send staff a memo verifying the employee data and providing the amount of tax refunds provided to employees at the project site. City staff will then recalculate New Income Tax Revenue figure by subtracting the tax refunds from the total taxes paid.

G. Calculation of Credit – uses the last tab of the Section III worksheet.

1. PIR/JCTC Percentage of New Income Tax Revenue – this can be found in your Agreement or in the request email/letter. It is the rate used to calculate your tax credit from the New Income Tax Revenue above.
2. Calculated Amount of Job Creation Tax Credit – this is the calculated amount of tax credit you could receive if 1) all jobs figures are verified by Income Tax, 2) there were no tax refunds to new employees, and 3) the figure is equal to or less than your Maximum Annual Tax Credit Amount. The maximum amount is stated in your agreement and also in the request email/letter. Tax refund figures are provided by the City's Income Tax Division.

Once the City's process is complete, you will receive a letter from the City acknowledging the job and payroll figures provided, stating the amount of tax refunds made to project site employees, and verifying your final tax credit amount for the year addressed in the report.

SIGNATURES

Please make sure all printed names and titles are readable. Notarization is not required.

Independent Certified Public Accountant – Review the agreement section on *Submission of Annual Reports*. This signature is required in at least the third Tax Year and certifies all previous Tax Years when a tax credit was claimed. It is then only required every other Tax Year and, again, certifies the previous and the current year's report.

SUBMIT COMPLETED REPORTS TO:

Michael J. Banish
Department of Community and Economic Development
City of Cincinnati
Attn: Monitoring and Compliance
Two Centennial Plaza
805 Central Avenue, 7th Floor
Cincinnati, OH 45202
Michael.banish@cincinnati-oh.gov

If you have questions, contact Michael Banish at (513) 352-1958 or michael.banish@cincinnati-oh.gov.

Thank you for supporting the City of Cincinnati!