



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR EDMUND G. BROWN JR.



# California Competes Tax Credit Application Guide

(Revised 1/27/2015)

## Foreword

This guide is to be used as a reference for completing the California Competes Tax Credit application and is a supplement to the California Competes Tax Credit statutes and regulations. Prospective applicants should read this guide before starting and while completing the application.

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## I. Creating an Account Profile

The California Competes Tax Credit application must be submitted on-line at [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov).<sup>1</sup> The first step to complete the application is to create an account by selecting the "Create an Account" button on the login screen as shown below. The user will then be prompted to create an account and be asked to enter his or her name, phone number(s) and email address.

Figure 1: Login Screen

The screenshot shows the login interface for the California Competes Tax Credit application. The header is dark blue with the text "California Competes Tax Credit". Below this is a "Log In" section with a light blue background. It contains the text "To log in, you will need a key emailed to you." followed by an "Email" input field and an "Email Key" input field. At the bottom of the login section are two buttons: "I already have a key" (with a checkmark icon) and "Create an account" (with a plus icon). A red arrow points to the "Create an account" button.

**Note:** Consultants, attorneys, and other authorized representatives should use their own personal information for the purpose of creating an account. The application system allows a single account holder to create, edit, submit, and have access to multiple applications.

For security reasons, GO-Biz requires an access key process each time a user logs into his or her account. Thus, each time a user wishes to log into his or her account, the user must enter his or her email address in the "Email" field at [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov), and then click on the "Email key" button. A six-digit access key will be e-mailed to the user's email address. The user then simply copies the access key from his or her email and pastes it into the required text box on the California Competes application site to gain access to his or her account. A new access key is needed each time a user logs into his or her account. For security reasons, access codes expire after 30 minutes. If the access code expires prior to the user logging into his or her account, the user will need to repeat the login process and obtain a new access key.

**Note:** Some email servers with aggressive SPAM/virus protection can delay delivery of the email. If the delay is greater than 30 minutes, the user will not be able to log in. There are two possible solutions:

<sup>1</sup> GO-Biz complies with the Americans with Disabilities Act. If an applicant is unable to complete the online application due to a disability, please contact GO-Biz to request a reasonable accommodation.

- 1) If the user is using his or her employer’s email system, the user may request the employer’s IT team to allow emails from [CalCompetes@gov.ca.gov](mailto:CalCompetes@gov.ca.gov) to be immediately delivered and/or add this email address to a “trusted” list; or
- 2) The user may use an alternative email provider (e.g., Gmail, Yahoo, Hotmail, etc.) that does not have the same delivery delays.

#### Commonly Asked Questions:

Q: Why didn’t I receive an access code?

A: Make sure that the email being used is the same email address that is contained in the account profile. Also, check the spam filters as the email might have been blocked.

Q: How do I edit my profile?

A: The profile can be edited at any time by clicking on the account user name in the top-right corner of the application and selecting "edit my profile." Note: changing the email address will change the email address required for login purposes.

## II. Creating an Application

To create an application, log into the system at [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov) and click the “Create a New Application” button.

Figure 2: Home Screen



From the Create Application Page the applicant will be asked to provide basic information about the applicant. Please make sure that the “Applicant’s Legal Name” is the official, legal business name of the applicant.

### A. Current Taxable Year

The “Current Taxable Year” is the applicant’s current taxable year as of the last day to submit an application during the application period.

### B. Accounting Period End Date

The “Accounting Period End Date” is used to identify whether the applicant files its state income tax returns on a calendar year basis or a fiscal year basis.

Figure 3: Applicant Information Page

The screenshot shows a web form titled "Create Application" with a step indicator "1". The form contains the following fields:

- Applicant's Legal Business Name: A text input field.
- Has the applicant previously been awarded a California Competes Tax Credit?: A dropdown menu.
- Applicant's Current Taxable Year (As of 2/2/2015): A dropdown menu with the text "(Select a Year)".
- Accounting Period End Date: A dropdown menu with the text "(Select an Accounting Period)".
- Accounting Period End Date (If Other): A text input field.
- Description of Other Accounting Period End Date (Optional): A text input field.

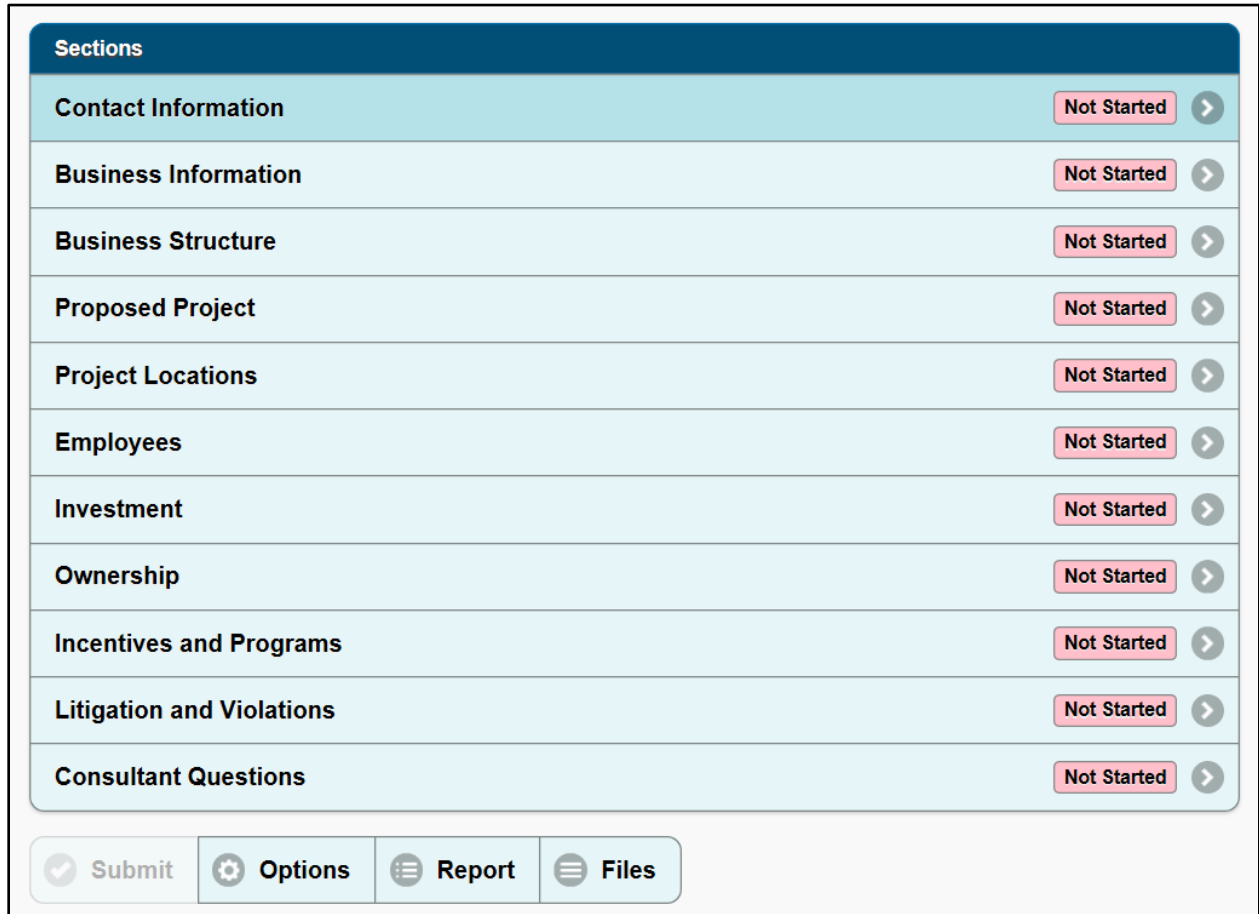
At the bottom of the form is a large "Create Application" button.

**Note:** The date associated with the “Applicant’s Current Taxable Year” will change to reflect the end date of each application period.

### III. Navigating and Submitting the Application

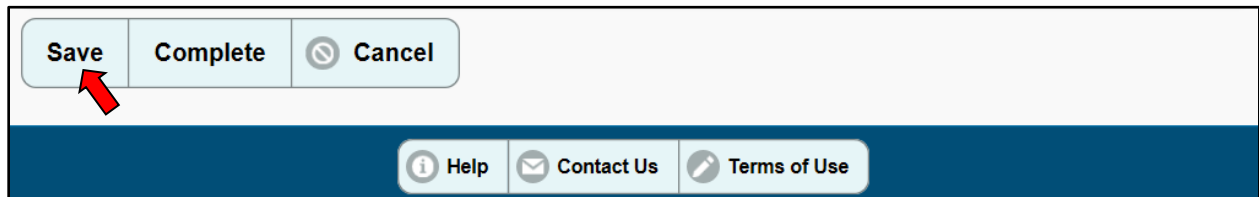
Once the information required in the Create Application section is entered, the user can move through the 11 sections of the application, as shown in Figure 4.

Figure 4: Application Summary Page



As questions are answered within each section, the user may click the "Save" button at the bottom of the page to save his or her progress. This action will update the Application Summary Page to show the section is "In Progress".

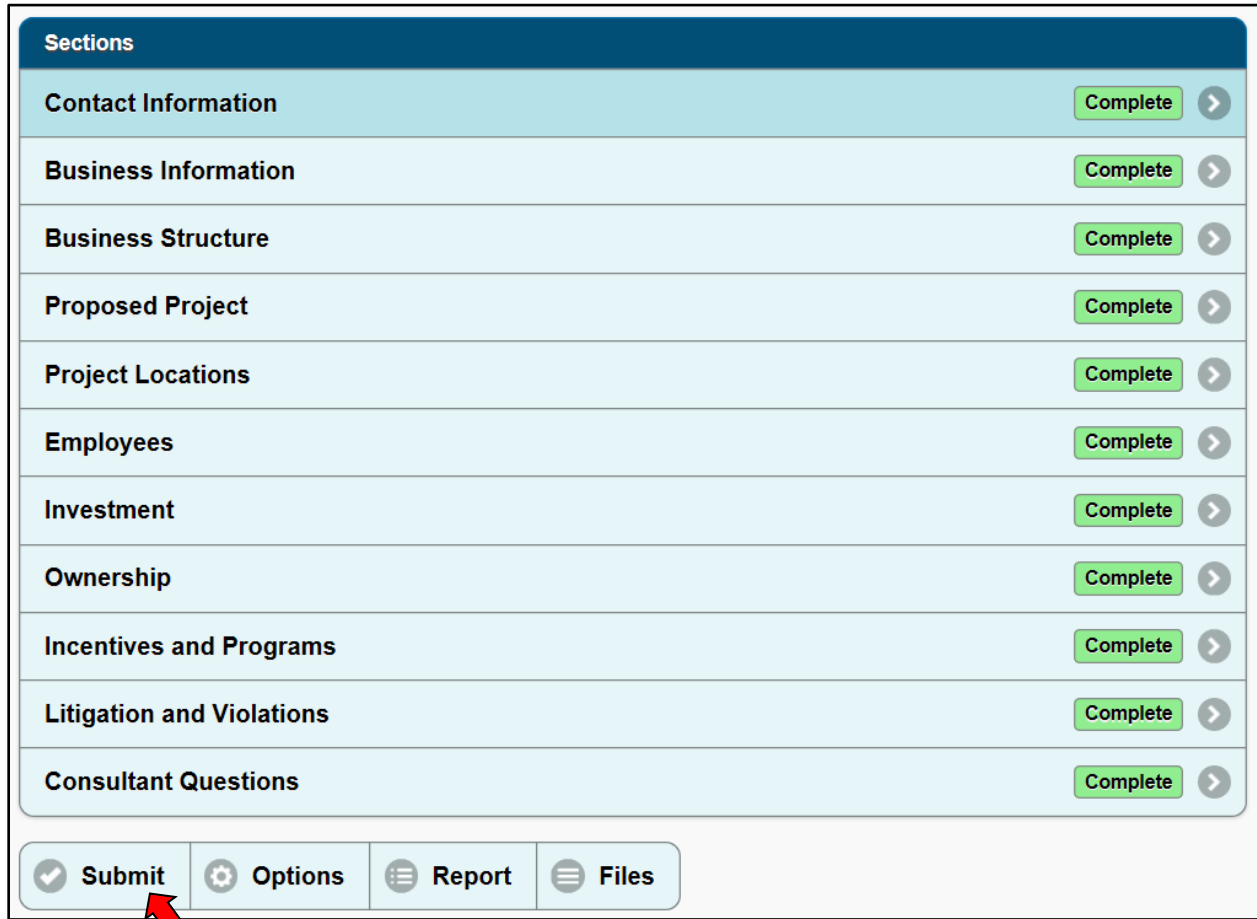
Figure 5: Save Progress



Once all the questions within a section have been answered, click on the "Complete" button. All sections must be marked as "Complete" before the application can be submitted. Applicants can still make changes to sections marked as complete up until the deadline to submit applications.

When all required sections have been completed, the user may submit the application by clicking on "Submit" from the Application Summary page. The "Submit" button will not be active until all sections have been completed.

Figure 6: Submitting Application



Once submitted, a user can print a PDF copy of the application by clicking on the "Report" button at the bottom of the home page. The user can retain this PDF for future reference and to ensure inputs were accurate. Additionally, provided that an application period is still open, a user can "Recall" a previously submitted application made within that same application period, amend it, and re-submit it. The "Recall" feature becomes available after an application has been submitted and serves the general purpose of amending a submitted but active application prior to the close of an application period. Finally, if the applicant is not awarded a California Competes Tax Credit, the user has the option to copy and resubmit the same application in the next application period using the copy feature located in the "Options" tab. Please note various sections will have to be updated to reflect the new application period.



## VI. Contact Information

In this section the user must add contact information (name, email address, phone number, etc.) for the applicant or an employee of the applicant that is most familiar with the applicant's proposed project that is the basis for the award of the California Competes Tax Credit. The user must also add contact information for the person that is designated as the primary contact person that is authorized to speak and negotiate on behalf of the applicant with GO-Biz. Contacts added in this section are only used for communication purposes; this does not grant the contact access to the online application. To authorize a contact access to the online application, click on "Options" at the bottom of the home page and then click on "Application Users". Please note the new user must create their own account prior to this action.

**Note:** Please ensure the email address provided for the primary contact person is regularly monitored as this is the email address GO-Biz will use as the primary means of communication throughout the application process. GO-Biz is not responsible for non-received emails due to spam filters, internet connectivity issues or any other similar disruptions in service.

## V. Business Information

In this section the user must provide general information regarding the applicant's identification information and industry.

### A. Legal Business Name

The name the business uses for legal and tax purposes. This information will automatically be brought over from the initial Create Application screen. However, it can be changed on this screen if necessary.

### B. Annual Worldwide Gross Receipts in Previous Tax Year

This is used to determine if an applicant is a "small business" as defined in the California Competes Tax Credit statutes and regulations. For purposes of this program, an applicant is considered a "small business" if its worldwide gross receipts, less returns and allowances, are greater than \$0.00 but less than \$2 million for its previous tax year.

### C. Federal Employer Identification Number

The Federal Employer Identification Number (also known as FEIN or EIN) is a 9-digit number issued to a business by the IRS for identification of the business entity. It is found on the business' tax return. If the applicant does not have a FEIN, then leave this field blank.

### D. California Taxpayer Identification Number

The California Taxpayer Identification Number is the number the applicant uses to file tax returns with the Franchise Tax Board. If the applicant operates as a sole proprietorship or does not have a California Taxpayer Identification Number, then leave this field blank.

## E. Secretary of State Entity Number

The Secretary of State Entity Number is the identification number issued to the applicant by the California Secretary of State. If the applicant does not have a Secretary of State Entity Number, then leave this field blank.

## F. Year Business Established

The year the business was originally established.

## G. Primary Place of Business

Please enter the applicant's primary business address. If the applicant operates out of multiple sites, choose the address that is identified as the headquarters. If the primary business address is not in the US, select the country where the primary business address is located and use the additional provided territory and postal code spaces to enter the full address.

## H. NAICS Code

The North American Industry Classification System (NAICS) is a business establishment classification system used to track economic activity in North America. To determine the appropriate codes to enter, click on the "Click here for NAICS info" button which will take the user to the [U.S. Census Bureau's NAICS website](#). Use this website to find the six digit industry classification code that matches the applicant's primary source of revenue. If there is not a NAICS code that is an exact match, choose a code that is closely related. The applicant's primary NAICS code and proposed project NAICS code do not necessarily need to be the same.

Figure 7: NAICS Input Section

Applicant's Primary NAICS Code	<input type="text"/>
Proposed Project NAICS Code	<input type="text"/>
<input type="button" value="Click here for NAICS info"/>	

## VI. Business Structure

This section is used to identify the applicant's state or country of formation, registration or incorporation and its structure. The "Entity Location" field has two options, "US" or "Non-US." If the applicant is only licensed, formed, registered or incorporated outside of the United States, select the "Non-US" option. The "Entity type" field is used to identify the applicant's business structure (sole proprietorship, partnership, corporation, etc.). If the business is an S Corporation or C Corporation, the user will be asked if the applicant is a publicly-traded company and if the applicant is incorporated in California or qualified with the California Secretary of State to transact intrastate business in California.

## VII. Proposed Project

In this section the user must provide information about the applicant's proposed project and specify the total amount of California Competes Tax Credit requested.

### A. Summary of the Proposed Project

Key Definition	
Project	Is the applicant's proposed business venture, investment, or expansion in this state that is the basis for award of the California Competes Tax Credit.

The project summary section has a 7000 character (i.e., letters, numbers, spaces, and punctuation) limit. The California Competes team suggests creating the summary in a word processing program that can automatically track character count, and perform spell/grammar check functions. The User can then copy/paste the final version into the application. The formatting (e.g., font, style) in this section of the application is not important as it saves as plain text.

Use this section to provide all relevant details of the project. If needed, please use this space to expand upon the purpose, location, or scope of the project. The summary should convey a clear understanding of the types of activities that will take place such as the nature of the work (e.g., widget manufacturing), classification(s) of employees being hired/retained (e.g., forklift drivers, scientists, machinists, etc.), and a general description of the nature of investments (e.g., building construction, manufacturing equipment, vehicles, etc.). Please do not provide a one-sentence response such as "Business expansion" or "Relocating manufacturing to a bigger facility in another city."

### B. Description of the Proposed Project

Select the box that best fits the project. If the project has multiple components such as growth and in-state relocation, select one of the boxes and elaborate in the project summary section the details regarding the activities that will take place as part of both the growth and in-state relocation.

### C. Chief Executive Officer, Chief Financial Officer Declarations

If a user answers “Yes” or “It May” to either or both of the questions in Figure 8, the applicant will be required in the second phase of the application process to submit a declaration affirming those statements are true along with additional details. The declaration will need to be signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or other equivalent officer or representative.

Figure 8: CEO, CFO Declarations

Will the project occur in another state if the applicant is not awarded the California Competes Tax Credit?	<input type="button" value="▼"/>
Will the applicant terminate all or a portion of its employees in California, or relocate all or a portion of its employees in California to another state if the applicant is not awarded the California Competes Tax Credit?	<input type="button" value="▼"/>
<b>Note: Retention only projects and applicants answering "yes" or "it may" to either of the two questions above will need to submit in Phase II a declaration signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or equivalent officer or representative that states “absent award of the California Competes Tax Credit, the project may occur in another state or the applicant may terminate all or a portion of its employees in California or relocate all or a portion of its employees in California to another state.”</b>	

### D. Proposed Increase of Employees and Investment

The questions in Figure 9 relate to the nature of the applicant’s proposed increases in employees or investments related to the project. The options for answering the questions are “Yes or No.” Users answering “Yes” to any of the questions will be asked to provide additional information in the second phase of the application evaluation process (if the application is moved to the second phase).

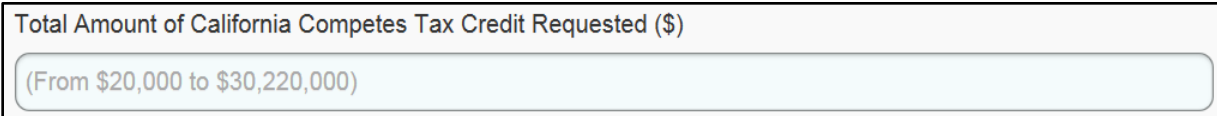
Figure 9: Employee & Investment Input Section

Is all or a portion of the applicant's proposed increase of employees or investment due to an acquisition of, or merger with, another business?	<input type="button" value="▼"/>
Is all or a portion of the applicant's proposed increase of employees due to an employee leasing arrangement with another business?	<input type="button" value="▼"/>
Is all or a portion of the applicant's proposed increase of employees due to a reclassification of independent contractors or conversion of employees employed by any type of temporary services provider?	<input type="button" value="▼"/>
Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from any member of a "controlled group of corporations" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?	<input type="button" value="▼"/>
Is all or a portion of the applicant's proposed investment due to a conversion from a lease to a purchase or vice versa of real or personal property it already controls or has already acquired?	<input type="button" value="▼"/>

## E. Total Amount of California Competes Tax Credit Requested (\$)

Enter the total amount of California Competes Tax Credit the applicant is requesting. The minimum request is \$20,000 and the maximum is limited by statute to 20% of the total amount available for the fiscal year. The minimum and maximum amounts will appear in the text field as shown in Figure 10.

Figure 10: Credit Requested Input Section



Total Amount of California Competes Tax Credit Requested (\$)

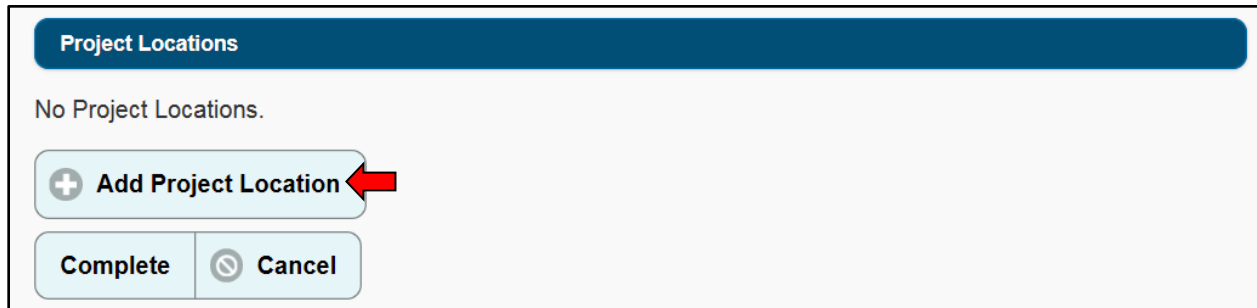
(From \$20,000 to \$30,220,000)

**Note:** The California Competes Tax Credit is a non-refundable tax credit. If the tax credit exceeds the amount of tax due in the tax year the credit is allowed, the excess may be carried over to reduce the applicant’s tax in the following tax year, and the succeeding five tax years if necessary, until exhausted.

## VIII. Proposed Locations

This section is used to identify the location(s) of the proposed project, which may or may not be the applicant’s current primary business address. This information will be used to identify the areas of the state that will experience an economic impact due to the proposal. To add a project location, click on the “Add Project Location” as shown in Figure 11.

Figure 11: Adding Proposed Project Locations



Project Locations

No Project Locations.

+ Add Project Location

Complete Cancel

Once the “Add Project Location” is clicked, enter the information in the requested fields as shown below and click “Add Project Location” to save the information. If the project involves multiple locations, repeat this process until all of the locations have been added.

Figure 12: Proposed Project Location Input Page

**Project Location**

Address Line 1

Address Line 2

City

State **California Only**

US Zip Code

This is the primary location

**Add Project Location** **Cancel**

The first location entered is designated as the primary location by default. However, after a second location is entered the user can designate that or another address as the primary location by checking the “This is the primary location” which activates upon input of additional proposed locations. The applicant can return to a saved project location to make this selection once all locations are input into the application.

#### Commonly Asked Question:

Q: What if the location(s) of my project is/are currently unknown?

A: Provide an estimation of the project location(s) by identifying the city and zip code that the applicant is targeting; enter "unknown" in the address line. If either or both the city and zip code are unknown, enter “unknown” in the city and “00000” in the zip code and provide an explanation in project summary field location in the proposed project section. Applicants should also consider whether the timing is right to apply for a credit. Part of the second phase of the evaluation includes an economic impact analysis and assessment of the strategic importance of the proposed project to the state, region or locality. If an applicant does not know the specific location for its project, it may not compete as well in Phase II as a result.

## IX. Employees

This section is used to identify the applicant’s current number of full-time and part-time employees, the salary and tax year of hiring for new full-time employees, as well as the number of full-time employees, determined on an annual full-time equivalent basis, employed by the applicant in its “base year” as well as the number of full-time employees, determined on an annual full-time equivalent basis, to be

employed by the applicant in its current tax year and four subsequent tax years. This information will be used to calculate the applicant’s “aggregate employee compensation,” which is automatically calculated in this section.

**Note:** The information entered in this section should represent a good faith projection of the total number of full-time employees the applicant will employ in California. The amounts entered will be used as the basis for the California Competes Tax Credit agreements. Any applicant that reduces its hiring projections by more than 5 percent at the written agreement phase may be rejected for the credit.

Key Definitions	
Full-time Employee	Is an individual that is paid wages for services in California of not less than an average of 35 hours per week.
Salary	Is the amount of monetary compensation a full-time employee is paid by the applicant per year and does not include tips, overtime, bonuses, benefits, or other compensation of any kind. When answering the questions that request the minimum and average salary of California full-time employees hired/to be hired, use the salary the full-time employee(s) would make in a full year of employment, without regard to the projected date of hire.
Base Year	Is the applicant’s taxable year immediately before the applicant’s taxable year in which the application is submitted. The last day during an application period in which an applicant may submit an application is deemed the date an application is submitted. For applicants who first commence doing business in California during the taxable year in which an application is submitted, the number of full-time employees for the base year shall be zero.
Annual Full-time Equivalent	Is defined as either of the following: <ul style="list-style-type: none"> <li>• In the case of a full-time employee paid hourly wages, “annual full-time equivalent” means the total number of hours worked for the applicant by the employee during the taxable year, not to exceed 1,750 hours per employee, divided by 1,750.</li> <li>• In the case of a salaried full-time employee, “annual full-time equivalent” means the total number of weeks worked for the applicant by the employee during the taxable year, not to exceed 50, divided by 50.</li> </ul>

Documents Needed
<ul style="list-style-type: none"> <li>- Payroll records for full-time employees employed by the applicant in its prior tax year</li> <li>- Projected number, dates, and salaries for new full-time employees in the applicant’s current and four subsequent tax years as well as employee attrition projections or known future reductions of employees</li> </ul>

## A. Existing Number of Full-time and Part-time Employees in California / US

The number of full-time employees that the applicant currently employs in California as of the date the application is submitted. This number is not used for any calculations and is only used to provide a snapshot of the applicant's current employment levels. The number of US full-time and part-time employees should be inclusive of the California employees.

## B. Number, Minimum and Average Salary of Full-time California Employees Hired/Proposed to be Hired

Questions 5-20 request the projected hiring information for full-time California employees for the applicant's current tax year and four subsequent tax years. When answering these questions, use the salary the full-time employee(s) will make in a full year of employment, without regard to the projected date of hire. Please refer to the definition of "salary" above.

## C. Base Year Calculation

Questions 22-27 relate to the applicant's base year. These questions pertain to the applicant's total number of full-time employees in California and not just employees related to the project. The system will insert the applicant's base year which is determined by the answers to the questions in the create application section discussed previously. The answers to these questions will determine how many California full-time employees the applicant employed, determined by an annual full-time equivalent calculation, in the base year in order to measure its growth in full-time California employees in future tax years.

## D. Current Tax Year and Four Subsequent Tax Years

Questions 28-57 relate to the applicant's current tax year and four subsequent tax years. These questions pertain to the applicant's total number of full-time employees to be employed in California and not just employees related to the project. The answers to these questions will be used to determine the applicant's net increase of California full-time employees, determined by an annual full-time equivalent calculation, compared to the number of California full-time employees employed by the applicant in its base year, also determined by an annual full-time equivalent calculation. The system will automatically compute and display the number of full-time employees, determined on an annual full-time equivalent basis, for the applicant's current and four subsequent tax years. The system will then use this information and the average annual salary information previously entered to compute and display the applicant's "Aggregate Employee Compensation" at the end of the section.



## X. Investment

This section is used to determine the applicant's "aggregate investment" and the system will automatically compute and display this amount at the end of the section.

### Documents Needed

- Projected Investments of "real" and "personal" property related to the project that the applicant will purchase or lease after the deadline to submit an application during the application period
- Costs or value of the proposed investments. While costs are not broken out in Phase I, the applicant will be asked for a breakdown of investment expenditures in Phase II (if the application is moved to the second evaluation phase)

### Key Definitions

Investment	The amount paid for "real" and "personal" property purchased or leased after the close of the current application period, directly related to the applicant's proposed project.
Real Property	Is any property located in this state that is attached directly to land, as well as the land itself. It includes, but is not limited to all, land, structures, firmly attached and integrated equipment, anything growing on the land, and all other "interests" in the property which may be the right to future ownership, right to occupy for a period of time, or an easement across another's property. Real property also includes capitalized costs related to new construction, reconstruction, or expansion of buildings or structures which will be used in the applicant's trade or business in connection with the project and are subject to depreciation.
Personal Property	Is property that is tangible, movable property, including, but not limited to, vehicles, movable fixtures, equipment, electronic devices, intangible property, including, but not limited to, software licenses, intellectual property acquired in connection with the project that has a quantifiable value, and other business assets which are subject to depreciation.

List the total amount of investments in real and personal property for the applicant's current tax year and 4 subsequent tax years. Please keep in mind that applicants should not include:

- 1) Investments made prior to the application submission deadline and
- 2) Investments which the applicant already committed to in a previously approved California Competes Tax Credit agreement (for applicants that have previously been awarded a credit under this program).

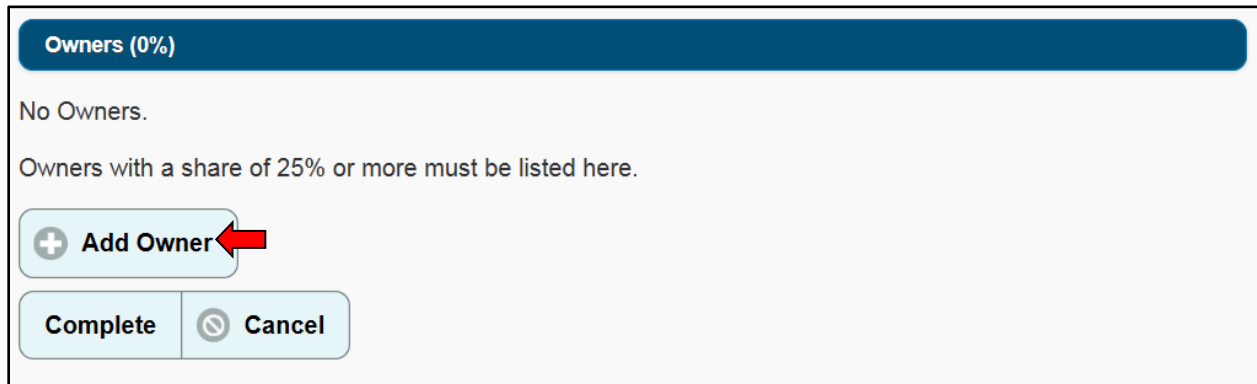
Please list for each tax year the amount of investments directly related to the project. Directly related means actions or purchases made in connection with the project that would not have been otherwise purchased or incurred but for the project.

The aggregate investment for all 5 tax years is automatically calculated at the end of the section.

## XI. Ownership

Only persons or entities that have a 25% or more ownership interest in the applicant need to be listed here. If there are no persons or entities that have at least a 25% interest in the applicant, leave this section blank and check it as completed. To add an owner, click “Add Owner” as shown below:

Figure 13: Owner Interest Page



Owners (0%)

No Owners.

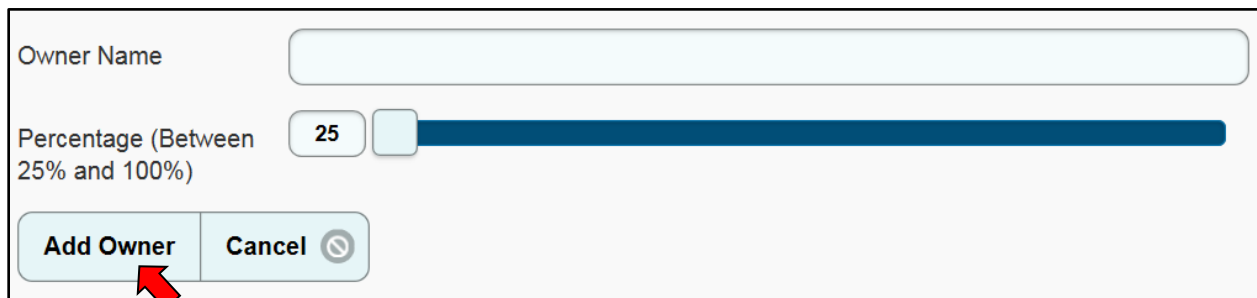
Owners with a share of 25% or more must be listed here.

+ Add Owner

Complete Cancel

After clicking “Add Owner” enter the owner’s name, percentage of ownership, and then click “Add Owner” as shown below:

Figure 14: Ownership Percentage Input Page



Owner Name

Percentage (Between 25% and 100%) 25

Add Owner Cancel

Repeat the above steps until all owners with a 25% or greater ownership interest in the applicant have been added.

## XI. Incentives and Programs

This section asks to identify incentives that the applicant receives or intends to receive. Be sure to include the dollar value all of state incentives the applicant expects to receive per year as shown below:

Figure 15: Other Incentives and Programs Page

Total value of California State incentives available to applicant per year, excluding California Competes (\$)

[Save](#) [Complete](#) [Cancel](#)

[Help](#) [Contact Us](#) [Terms of Use](#)

## XII. Litigation and Violations

This section requires notice of any current material litigation and any previous violations involving the applicant and (or) any person/entity with at least 25% ownership interest in the applicant. The user will be asked to describe any current material litigation in this section and answer the questions shown in Figure 16. Users answering “Yes” to any of the questions will be asked to provide additional information in the second phase of the application evaluation process (if the application is moved to the second phase).

Figure 16: Litigation and Violations Questions

Is the applicant or any person or entity with a 25% or greater ownership interest in the applicant currently involved in any material litigation?

Describe material litigation (6000 characters)

Is there any pending or resolved California Environmental Quality Act litigation relating to the applicant's project?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal labor law violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal occupational safety and health litigation, or involved in any state or federal occupational safety and health violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal environmental (including but not limited to air, water, and ground) litigation, or involved in any state or federal environmental (including but not limited to air, water, and ground) violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant had any California, any other state, or federal tax lien recorded against them?

Key Definition	
Material Litigation	Is any litigation deemed significant to the applicant's financial health and required to be referenced in the applicant's annual audited financial statements, or would be the type of information that is reported to shareholders, members, or similar individuals, or would be deemed material information that an investor or person providing capital would deem material in making a financial decision regarding the applicant.

**Note:** GO-Biz acknowledges many businesses, especially large ones, are often involved in litigation and/or have relatively minor violations on a regular basis. Being involved in material litigation or having a violation will not necessarily disqualify an applicant.

#### XIV. Consultant Questions

This section requires the user to identify if a consultant or any other third party provided any services for a fee relating to the California Competes Tax Credit and whether the fee is based on a fixed fee or contingency fee arrangement.

#### XV. Additional Assistance

If any additional assistance is needed, please email [CalCompetes@gov.ca.gov](mailto:CalCompetes@gov.ca.gov) or call 916-322-4051.