

Capital Investment Tax Credit

The **Capital Investment Tax Credit** is used to attract and grow capital-intensive industries in Florida. It is an annual credit, provided for up to twenty years, against the corporate income tax. The amount of the annual credit is based on the eligible capital costs associated with a qualifying project. Eligible capital costs include all expenses incurred in the acquisition, construction, installation, and equipping of a project from the beginning of construction to the commencement of operations.

Eligibility

In order to participate in the program, a company must apply to Enterprise Florida (EFI) and be certified by the Department of Economic Opportunity (DEO) **prior to the commencement of operations**. In order to qualify for consideration under the program, an applicant must:

- Operate within designated high impact portions of the following sectors: Clean Energy, Corporate Headquarters, Financial Services, Information Technology, Life Sciences, Semiconductors, Advanced Manufacturing, and Transportation Equipment Manufacturing;
- Create at least 100 new jobs in Florida in connection with the project; and
- Make a cumulative capital investment of at least \$25 million in connection with the project during the period from the beginning of construction to the commencement of operations.

The amount of the annual credit is up to five percent of the eligible capital costs generated by a qualifying project, for up to 20 years. The annual credit may not exceed a specified percentage of the annual corporate income tax liability generated by the project. If the credit is not fully used because of insufficient tax liability, the unused amounts may be used in any one year or years beginning with the 21st year and ending with the 30th year after the commencement of operations. The CITC credits are:

- One hundred percent, for a project with a cumulative capital investment of at least \$100 million;
- Seventy-five percent, for a project with a cumulative capital investment of at least \$50 million but less than \$100 million; and
- Fifty percent, for a project with a cumulative capital investment of at least \$25 million but less than \$50 million.
- For example, assume an eligible project was investing \$30 million. The project would be able to claim a credit for 5% of \$30 million or \$1.5 million in each year, not to exceed 50% of the project's corporate income tax liability.
- **Scenario 1:** The project's corporate income tax liability is \$2 million in a given year. The project would be able to claim a credit of \$1 million. In this case, 50% of the project's corporate income tax liability capped the amount of the credit.
- **Scenario 2:** The project's corporate income tax liability is \$5 million in a given year. The project would be able to claim a credit of \$1.5 million. In this case, 50% of the project's corporate income tax liability is \$2.5 million but the credit is capped at 5% of the investment amount or \$1.5 million.

Application Process

EFI staff will shepherd businesses and communities through the entire application process, ensuring that the company and community understand the application and what is required for a complete, effective application.

Approval Process

- EFI will review the completed application and report its evaluation and recommendation to the Director of DEO.
- The business will receive written notification of the Director's approval or disapproval of the application for certification. If the application is approved, the certification will be returned to the applicant and should be attached to the applicant's tax return for filing with DOR.

Award

- Upon receipt of the certification, the DOR enters into an agreement with the qualifying business.
- Prior to receiving tax credits, the qualifying business must achieve the minimum employment goals beginning with the commencement of operations at a qualifying project. The qualifying business will also demonstrate achievement of the employment goal to DEO by providing the requested documentation prior to the time the corporate income tax would otherwise be due.
- At the time the corporate income tax would otherwise be due, the company will submit an income statement that identifies income generated by or arising out of the qualifying project along with its tax return. The completed tax return must also indicate the amount of corporate income tax credit claimed, based upon the accompanying statement.
- Each year thereafter during which tax credits are available, the qualifying business must demonstrate to DEO that it has maintained the job creation and capital investment levels required which are subject to audit by DOR. Credits granted may not be carried forward or backward with respect to a subsequent or prior year.

Statutory Reference: [Section 220.191, Florida Statutes](#)