



April 4, 2007

RE: Economic Advancement Tax Incentive Program Annual Activity Reports

Dear Program Participant:

Vermont statute requires that all entities that have been authorized for tax incentives under the Economic Advancement Tax Incentive (EATI) program submit an Annual Activity Report to the Vermont Economic Progress Council (VEPC) *and* the Vermont Department of Taxes for each year the company was authorized for tax incentives, even if no credits are claimed (32 VSA §5930a (l) (1) (a)).

The 2007 Annual Activity Report is available for download from our website at:

http://www.thinkvermont.com/vepc/html/vepc_Forms_Reports.html

There are separate versions for fiscal year and calendar year companies. You must download and complete the **entire** document, including any narratives and the guideline responses.

When you file the company's Vermont income tax return (including any extensions), you must file the Annual Activity Report with VEPC. You may file either by mail or electronically. If sent electronically, you must also mail in the signature page.

A hard copy of the report must also be attached to the company's Vermont income tax return and EATI 5930 claim forms when the return filed with the Vermont Department of Taxes. If the company is granted a filing extension, the Annual Activity Report is due when the extension expires and the return is filed.

Statute requires the submission of an Annual Activity Report for each year during the period your company was authorized for the EATI credits. The statute requires that a report be filed even if the company did not earn credits or could not apply credits against this year's tax liability. If your company was also the subject of an authorization for a property tax incentive under the EATI program, such as property tax stabilization, the Annual Activity Reports must be filed for all years that authorization is active.

After the expiration of the authorization period (usually five years), the company must annually file a Form BA-405 for the six years following the authorization period (32 VSA §5930h (d)). For example, if a company was authorized for incentives in 2000, the Annual Activity Report would be filed for 2000 through 2004 and the BA-405 would be filed for 2005 through 2010. The Form BA-405 can be downloaded from the Department of Taxes website at:

<http://www.state.vt.us/tax/formsbusiness.shtml>

If you have any questions regarding the EATI reporting requirements or forms, please contact us. For questions regarding the EATI Annual Activity Report, contact:

Fred Kenney or Jayna Guilford
Vermont Economic Progress Council
(802)828-5256 or (802)828-5765
Fred@thinkvermont.com or Jayna.Guilford@state.vt.us

For questions regarding the BA-405, or filing a Vermont corporate income tax return, or the required EATI 5930 claiming forms, contact:

John Demeter
Corporate Tax Examiner
Vermont Department of Taxes
(802) 828-0340
John.Demeter@state.vt.us

ECONOMIC ADVANCEMENT TAX INCENTIVE PROGRAM

ANNUAL ACTIVITY REPORT

GENERAL INSTRUCTIONS

NOTE: More detailed instructions regarding completion of the EATI Annual Activity report are contained within the report form.

1. Download and complete **all sections** of the Annual Activity Report, including all data and narrative sections. The section on employment (Section II, Part 4) must be completed even if your company was not authorized for the Payroll Tax Credit.
2. Sign and date the report.
3. Include a copy of the Annual Activity Report with your Vermont income tax return and EATI 5930 claim forms, when the return is filed with the Vermont Department of Taxes. All forms are due and should be attached to the return when the return is filed, including any filing extensions. **Remember:** The Annual Activity Report only reports your company's economic activity. To file for earned EATI credits, you must also complete and file the appropriate 5930 tax schedules with your company's State of Vermont corporate income tax return. The 5930 series of schedules are available from the Department of Taxes at (802) 828-5723 or on the Department website at www.state.vt.us/tax. Your filing with the Vermont Department of Taxes must include:
 - a. The Vermont corporate income tax return and any required attachments.
 - b. The 5930 EATI claim forms.
 - c. A copy of your EATI Annual Activity Report.
4. When you file your return, mail or email a copy of the Annual Activity Report to:

Vermont Economic Progress Council
National Life Building, Drawer 20
Montpelier, Vermont 05620-0501

OR - Email the report to: fred@thinkvermont.com

(NOTE: If you send the report electronically, you must mail the signature page)