

make it

GIVE YOURSELF A (TAX) BREAK

HOW can you get more money to enable your company to hire more employees, buy new equipment, expand operations and more? The answer can be as simple as reducing your overall taxes. And that can be as simple as locating in the inner city. Business owners who locate in inner city regions can often get significant state

and/or federal tax breaks thanks to Location Based Incentive Credit (LBIC) programs.

LBIC programs, which are available in virtually every state, include state Enterprise Zone (EZ) programs (available in approximately 80 percent of states) and numerous federal programs. Today there are more than 8,500 distinct LBIC zones throughout the United States.

On a national level, more than 20 percent of businesses have one or more locations that fall within an LBIC. Of this eligible pool of businesses, fewer than 10 percent of qualifying companies actually claim the tax benefits they are entitled to.

LBICs include the incentive hiring credits and other benefits listed in the charts below:

Federal Incentives	Maximum Credit	Number of Zones	Form Number
Empowerment Zone	\$3,000/year per employee	41	IRS Form 8844
Renewal Community	\$1,500/year per employee	39	IRS Form 8844
Indian Tribal Lands	\$4,000/year per employee	4,476	IRS Form 8845
Gulf Opportunity (GO) Zone	\$2,400/year per employee	132	IRS Form 8850
Free-Trade Zone	Deferred Customs Duty	612	N/A*

*Also known as Foreign-Trade Zones, these allow a U.S.-based manufacturer to defer customs duties on foreign materials brought into the Zone.

State Incentives	Maximum Credit	Number of States
Enterprise/Misc. Zones	\$500-\$15,000/year per employee	41

In addition to hiring credits, there are various other incentives available to business owners operating in certain zones, such as property and sales tax breaks, grants, loans, training programs and more. The following states have the most business-friendly tax incentive programs in terms of widest geographic coverage or

largest credits per employee: Arizona, California, Florida, Georgia, Illinois, Louisiana, Michigan, Mississippi, New York, North Carolina, Ohio and Oklahoma.

In addition to LBIC benefits, businesses located anywhere in the country are also eligible for two valuable federal wage credits: the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit (WtW). The WOTC can generate up to \$2,400 to \$4,800 per qualified employee, which includes employees who have recently been on public assistance, residents in certain rural communities and certain military veterans. The WtW Credit can generate up to \$8,500 per qualified employee for hiring former welfare recipients.

For additional information on these tax credits, you can visit the following Web sites. In addition, it's a good idea to contact your local and state government offices and/or visit their Web sites to find out more about the types of tax incentives available in your area.

- U.S. Internal Revenue Service (irs.gov)
- U.S. Department of Housing and Urban Development (<http://egis.hud.gov/egis/cpd/rcecec>)
- National Tax Credit Group LLC (ntcg-tax.com)
- Holthouse Carlin & Van Trigt LLP (<http://hcv.com>)

By becoming familiar with these readily available incentive programs, your business can create better cash flow while also helping the community and local residents. It's a win-win-win situation for

you, your community and the employees you hire. **US**

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USE TAX INCENTIVES TO BOOST YOUR

CASH FLOW AND YOUR COMMUNITY.

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