

Tax benefits for businesses in the Syracuse Empowerment Zone

The federal government makes certain tax credits and deductions available to help stimulate economic activity in designated Empowerment Zones. If you employ people who live in the Syracuse Empowerment Zone, you may qualify for the following credits.



Empowerment Zone Employment Tax Credit

Eligibility: Empowerment Zone businesses that hire qualified Zone residents

Amount: 20% of the first \$15,000 paid in wages. Maximum of **\$3,000** per qualified employee per year.

This tax credit can be claimed for each qualified employee each year that the program continues. A qualified employee is a resident of the Empowerment Zone (addresses can be checked at <http://egis.hud.gov/ezrclocator>) and performs substantially all of his or her duties within the Empowerment Zone. The following are **not** qualified employees:

- Relatives or dependents of the employer, or co-owners of the business
- Individuals employed less than 90 days
- Employees of golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetracks or other gambling facilities, or stores whose principal business is the sale of alcoholic beverages for off-premises consumption.

How to claim the credit: Use IRS form 8844 – Empowerment Zone & Renewal Community Employment Credit (online at www.irs.gov/pub/irs-pdf/f8844.pdf). You will also need IRS Form 3800 – General Business Credit (online at www.irs.gov/pub/irs-pdf/f3800.pdf).

Work Opportunity Credit

Eligibility: Businesses located outside the Empowerment Zone that hire qualified Zone residents

Amount: Up to **\$2,400** per new employee

This tax credit can be claimed by any business hiring Zone residents who are **all** of the following:

- New (first-year) employees, 18-39 years old
- Employed for at least 120 hours

Employers can claim a credit equal to **25%** of the first-year wages for new hires who work 120-400 hours, or **40%** of first year wages for new hires who work more than 400 hours. In either case, the credit is capped at **\$2,400** per new employee. To determine residency, addresses can be checked at <http://egis.hud.gov/ezrclocator>

How to claim the credit: Pre-certify the employee using IRS Form 8850 (<http://www.irs.gov/pub/irs-pdf/f8850.pdf>) and ETA Form 9061 (<http://www.doleta.gov/business/incentives/opptax/forms.cfm>), completing both forms on or before the day of hire and filing with the NYS Dept. of Labor (EDSU, NYS Dept. of Labor, State Office Campus, Bldg 12 – Rm 200, Albany NY 12240) within 28 days. At tax time, use IRS Form 5884 – Work Opportunity Credit (online at www.irs.gov/pub/irs-pdf/f5884.pdf). You will also need IRS Form 3800 – General Business Credit (online at www.irs.gov/pub/irs-pdf/f3800.pdf).

Note: The federal Empowerment Zone program has been renewed through the end of 2011. Tax benefits are currently set to expire on December 31, 2011.

map on reverse

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Increased Section 179 Deduction

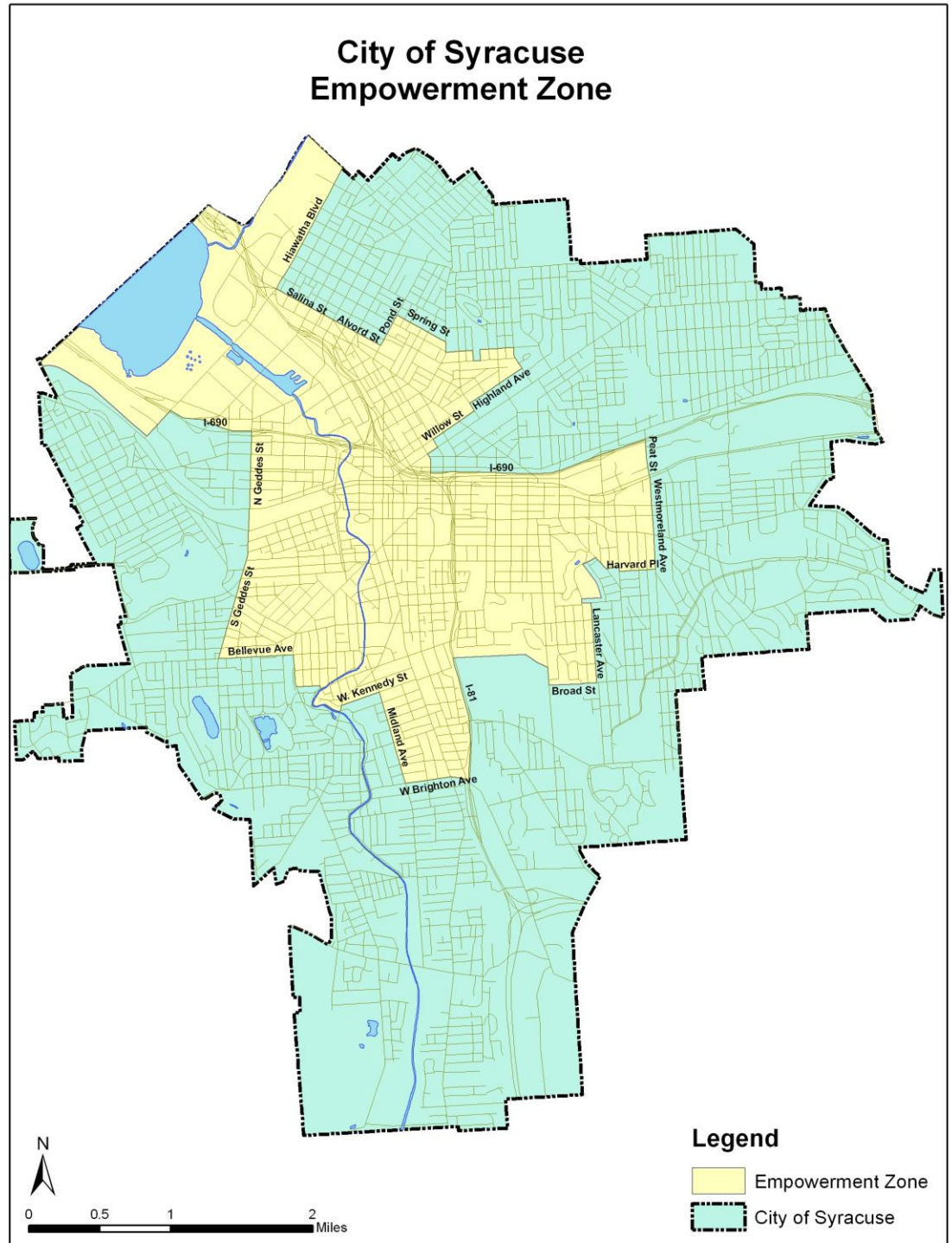
Eligibility: Enterprise Zone businesses

Amount: Up to an additional **\$35,000** in Section 179 deductions

Section 179 of the Internal Revenue Code allows you to choose to deduct all or part of the cost of certain qualifying property in the year you place it in service. You can do this instead of recovering the cost by taking depreciation deductions over a specified recovery period. There are limits, however, on the amount you can deduct in a tax year.

You may be able to claim an increased section 179 deduction if your business qualifies as an "enterprise zone business." The increase can be as much as **\$35,000**. This increased Section 179 deduction applies to "qualified zone property" you place in service in an empowerment zone.

From IRS Publication 954



To see if your business qualifies as an Enterprise Zone Business, and the property you place in service is qualified zone property, consult your tax preparer or IRS Publication 954, Tax Incentives for Empowerment Zones and Other Distressed Communities. To learn more about the Section 179 deduction, consult IRS Publication 946, How to Depreciate Property.

How to take the deduction: Use IRS Form 4562 – Depreciation and Amortization (online at <http://www.irs.gov/pub/irs-pdf/f4562.pdf>). Instructions can be found online at <http://www.irs.gov/pub/irs-pdf/i4562.pdf>.

You must keep records that show the specific identification of each piece of qualifying Section 179 property. These records must show how you acquired the property, the person you acquired it from, and when you placed it in service.