

Is Your Business Located in the Zone?

If your business is located in one of the California's expansive Enterprise Zones, your business is entitled to significant income tax savings through the California Enterprise Zone program.

Are Your Job Sites Located in the Zone?

Even if your business is not located inside the Enterprise Zones, if your job sites are located in any one of the 42 Enterprise Zones, your business is entitled receive the same significant income tax savings under the California Enterprise Zone program. The only requirement is that your employees spend more than 50% of their total working time performing services inside the Enterprise Zone(s).

Use Tax Credit to Raise Your Bottom Line!

Enterprise Zone program is the most significant tax incentive program the State of California is offering to its taxpayers. If your business or your job site is located in one or more of these designated geographical areas, you can raise your bottom line and bring immediate cash flow savings by taking advantage of the California Enterprise Zone credit.



OTHER CALIFORNIA ECONOMIC DEVELOPMENT AREAS	
TARGETED TAX AREA	
TULARE COUNTY BUSINESS INCENTIVE ZONE	
MANUFACTURED ENHANCEMENT AREAS	
BRAWLEY / CALEXICO	
LOCAL MILITARY BASE RECOVERY AREAS	
ALAMEDA POINT CASTLE AIRPORT MARE ISLAND MATHER/MCCLELLAN	SAN BERNARDINO AIRPORT SAN DIEGO TRADE CENTER S. CALIFORNIA LOGISTICS AIRPORT TUSTIN LEGACY

What Are Tax Credits and Incentives?

Tax credit reduces the amount of tax owed, generally on a "dollar-for-dollar" basis. A tax credit differs from a tax deduction, which only lowers the amount of taxable income. A tax credit brings significantly larger benefit than a tax deduction and therefore, should not be overlooked. Tax incentive is a general term that encompasses the tax credits, special tax deductions and other tax benefits provided to the taxpayers.

California Enterprise Zone Tax Credit

Businesses located in one of the State's 42 Enterprise Zones can generate Hiring Credit and Sales/Use Tax Credit, which can significantly reduce their California income tax. California State wants to reward the employers who are creating jobs and boosting the local economy in these designated communities. A business can generate over \$37,000 of hiring credit from a single qualifying employee. Here's how it works - a portion of the wage the business pays to its qualifying employee in the first five years of employment turns around as a valuable tax credit for the business. Also, sales tax paid for machinery, equipment, computers and other qualifying personal assets being used in the "zone" will generate similar credit.

California Enterprise Zone Net Interest Deduction

Banks (and lenders) that loan funds to the businesses located in any one of the 42 California Enterprise Zones do not have to pay California income tax on the net interest it earns from the "zone" borrowers. Hutchinson and Bloodgood LLP can quickly review a bank's loan portfolio to determine the Net Interest Deduction available for the Bank, which brings permanent state tax savings.



Hutchinson and Bloodgood LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

