

EMPLOYMENT TAX CREDITS

A TAX SAVING STRATEGY

Increase cash flow.

Reduce labor costs.

Minimize tax.

Form W-4 (200



SOLUTIONS FOR TAX PROFESSIONALS AND BUSINESSES
TAX CREDITS • INCENTIVES • COST RECOVERY

CALIFORNIA'S ENTERPRISE ZONE PROGRAM

California enacted the Enterprise Zone program in 1984, acknowledging the important role that businesses play in community development. The program seeks to attract and retain employers in geographic areas by offering benefits to business owners such as reductions in income tax, expedited permit processing and reduced city fees. Today, thousands of businesses participate in this program, claiming one of California's few business tax incentives.

NORTHERN CALIFORNIA ENTERPRISE ZONES

Eureka
Oakland
Pittsburg
Richmond
Riverbank
Sacramento
Salinas Valley
San Francisco
San Jose
Siskiyou County
Sutter
Watsonville
West Sacramento
Yuba

SOUTHERN CALIFORNIA ENTERPRISE ZONES

Anaheim
Antelope Valley
Barstow
Calexico
Chatsworth
Chula Vista
Coachella Valley
Compton
Hollywood
Hesperia
Imperial Valley
Long beach
Los Angeles
Lynwood
National City
Northridge
Otay Mesa
Pasadena
San Bernardino
San Diego
San Ysidro
Santa Ana
Santa Clarita
South Gate
Valencia
Woodland Hills

ENTERPRISE ZONE CREDITS & DEDUCTIONS

The Enterprise Zone Program creates a significant opportunity for businesses in designated areas. Expiration dates vary from zone to zone, and boundaries are constantly changing and allowing more businesses to qualify. Businesses with multiple locations are eligible to offset their tax liability, even if not all locations are within Enterprise Zones. There are 42 Enterprise Zones within California and each zone can consist of multiple cities, and unincorporated areas. Every major metropolitan city has at least one zone. Both urban downtown areas as well as rural counties are eligible.

Businesses that fall within Enterprise Zone boundaries may be eligible to take advantage of the following credits and deductions:



HIRING TAX CREDIT

Each qualified employee entitles a business to a tax credit for wages paid. This credit can exceed \$37,000 if an employee is retained for five years.



SALES AND USE TAX CREDIT

Businesses are entitled to claim tax credits equal to the sales tax paid on qualified equipment. Sales tax ranges from 7.25% to over 9.00% of the purchase price.



BUSINESS EXPENSE DEDUCTION

Businesses may elect to accelerate California depreciation claimed for Enterprise Zone property on an originally-filed return.



NET INTEREST DEDUCTION FOR LENDERS

Any lender may claim a deduction for interest income received for loans made to Enterprise Zone businesses. This tax free interest income translates into improved lending opportunities for Enterprise Zone businesses.

DIRECT PROCESS REAL RESULTS

KBKG's streamlined process and proprietary project management software allow us to maximize credits with minimal disruption to our clients' businesses. We work with our clients to proactively document qualified activities, maximizing all available tax credits. Our team facilitates this process on our clients' behalf.

EFFICIENT SCREENING PROCESS

FOUR STEP PROCESS

STEP 1	STEP 2	STEP 3	STEP 4
Identify qualified equipment and employees	Coordinate with government agencies to document qualifications	Obtain certification of eligibility	Analyze payroll records to compute credit values

EXAMPLE

ABC, INC. CORPORATION

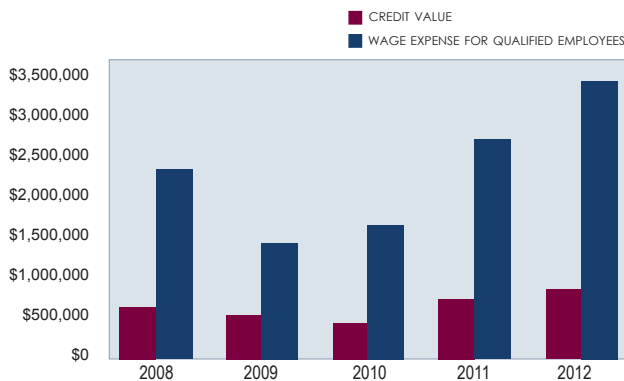
An S-Corporation Manufacturing Electronics

Sales & Use Tax Credits

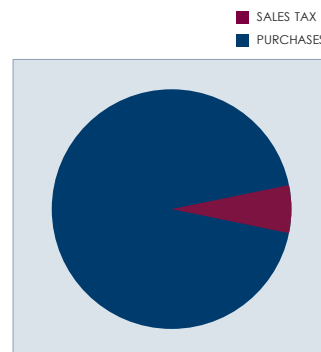
Total Credits

TAX YEAR	TOTAL EMPLOYEES	QUALIFIED EMPLOYEES	SUCCESS RATE	TOTAL HIRING CREDITS	AVERAGE PER EMPLOYEE	EQUIPMENT PURCHASE	SALES TAX (SALES & USE TAX CREDIT)	HIRING + SALES & USE TAX
2008	132	67	51%	\$599,851	\$8,953	\$5,000	\$463	\$600,314
2009	103	46	45%	\$440,266	\$9,571	\$15,000	\$1,388	\$441,654
2010	97	37	38%	\$370,407	\$10,011	\$30,000	\$2,755	\$373,162
2011	115	60	52%	\$632,520	\$10,542	\$5,000	\$463	\$632,983
2012	135	68	50%	\$748,136	\$11,002	\$10,000	\$925	\$749,061
TOTAL:	-	-	-	\$2,791,180	-	\$65,000	\$5,994	\$2,797,174

LABOR RETURN ON INVESTMENT



PURCHASE RETURN ON INVESTMENT



CENTRAL CALIFORNIA ENTERPRISE ZONES

- Arvin
- Atwater
- Bakersfield
- Biola
- Ceres
- Delano
- Firebaugh
- Fowler
- Fresno
- Hughson
- Kerman
- Kern
- Kings County
- Keyes
- Lathrop
- Lindsay
- Lodi
- Madera
- Manteca
- Mendota
- Merced
- Modesto
- Newman
- Oakdale
- Orange Cove
- Oroville
- Parlier
- Patterson
- Porterville
- Reedy
- Salida
- San Joaquin
- Sanger
- Selma
- Shafter
- Stockton
- Taft
- Tracy
- Tulare
- Turlock
- Waterford

KBKG, INC. ABOUT US

KBKG has helped clients generate significant savings by reducing taxes through lucrative programs such as the Enterprise Zone Program since 1999. Our expertise in taxation allows our clients to increase their bottom lines while complying with state and federal tax laws.

KBKG's free, no-risk preliminary analysis estimates the benefits of a tax incentive study.

COMPREHENSIVE CREDIT ANALYSIS

KBKG's Employment Tax Credit department works with tax preparers and businesses to identify opportunities and realize benefits. Our turn-key process provides for easy integration within the business's existing practices and allows tax preparers to focus on "big picture" issues. Our expert staff identifies refund opportunities and secures future tax savings.

QUALIFIED TAX PROFESSIONALS

KBKG's team of professionals have significant tax experience and an in-depth understanding of the tax code. In the event our credits are challenged, we provide free Audit Representation and documentation of our findings. Our experienced team will defend your tax position.

MAXIMUM BENEFIT, MINIMUM COST

Our fees are typically based on a percentage of the credits utilized and are not collected until the savings are realized. If tax credits are not available, there is no fee. Our project management systems are customizable to serve large and small clients in an efficient manner.

LEADING EDUCATORS

KBKG is a registered NASBA sponsor of Continuing Professional Education (CPE) in the National Registry of CPE Sponsors. We have been invited to speak to thousands of CPA's across the country on tax strategies such as Employment Tax Credits, Cost Segregation Strategies, and Green Building Incentives.

ADDITIONAL EMPLOYMENT TAX CREDITS

- California New Jobs Credit
- Work Opportunity Tax Credit (WOTC)
- Employer Health Insurance Premium Credit
- Empowerment Zone Employment Credit

OTHER SERVICES

- Research & Development Tax Credits
- Green Building Tax Incentives
- Cost Segregation Studies
- Repair & Maintenance Tax Review
- Fixed Asset Depreciation
- Property Tax Review
- Sales & Use Tax
- Expense Recovery

FREE PRELIMINARY ANALYSIS

KBKG's free preliminary analysis estimates the benefits for a business located in an Enterprise Zone. The first step in obtaining an analysis is to provide us with addresses of all of your California locations. We will screen these locations for the various state and federal tax incentives.



NATIONWIDE SERVICE

KBKG.COM
877.525.4462
FAX 626.449.3324

HEADQUARTERS

790 E. COLORADO BLVD.
SUITE 600
PASADENA, CA 91101