

California Enterprise Zone Credits

What Are Enterprise Zone Credits?

Established by the California Trade & Commerce Agency in 1984, the Enterprise Zone Program is a tax saving incentive designed to stimulate growth and development in selected areas within California. This program promotes the creation of new jobs, attracts new businesses and retains businesses in particular areas. The program has created thousands of jobs annually in areas of underemployment, allowing private businesses to revive the local economy.

Enterprise Zone Credits & Deductions

The Enterprise Zone Program creates a significant tax saving opportunity for businesses in designated areas. KBKG's Enterprise Tax Credit service allows businesses to take full advantage of these opportunities and maximize benefits.

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

► Hiring Tax Credit

By far the most lucrative tax credit available through the program is the Hiring Tax Credit. The Hiring Tax Credit allows an employer to take credits of up to \$37,440 per qualified employee, based on wages over a five year period.

► Sales and Use Tax Credit

Taxpayers may be eligible to claim credits equal to the amount of sales tax paid on qualified purchases such as machinery & equipment, computers, fax machines, etc.

► Business Expense Deduction

Accelerated depreciation is available for tangible personal property purchased by a business in the Enterprise Zone. The business may elect to treat 40% of the eligible cost of qualified property as a business expense rather than a capital expense. The business expense deduction must be claimed by making an election on the original return filed.

► Net Interest Deduction for Lenders

Lenders making commercial loans to businesses located solely in an Enterprise Zone are exempt from state income tax on the net interest income they earn on the loan. This can translate to improved profitability for lenders and potentially reduced interest rates for borrowers.



Qualifying Locations

There are currently 42 Enterprise Zones within California - each zone can consist of multiple cities, unincorporated areas, and/or counties. While expiration dates vary from zone to zone, boundaries are constantly changing. Check with KBKG to see which locations fall within a zone.

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 tax incentives. From there, we will request some basic information to provide an estimate of benefits.

California Enterprise Zone Areas: (Partial List)

Anaheim	Oakland
Antelope Valley	Pasadena
Barstow	Pittsburg
Calexico	Pacoima
Canoga Park	Rancho Dominguez
Chatsworth	Richmond
Chula Vista	Sacramento
Coachella Valley	San Bernardino
Compton	San Diego
Delano	San Fernando
Eagle Rock	San Francisco
Eureka	San Jose
Fresno	San Pedro
Hesperia	Santa Ana
Highland Park	Santa Clarita
Hollywood	Stanislaus
Imperial Valley	Sun Valley
LAX	Sylmar
Long Beach	Taft
Los Angeles	Valencia
Madera	Van Nuys
National City	Watsonville
Newhall	West Sacramento
	Woodland Hills