

T A X T I P S

For Accountants and Businesses in Renewal Communities (RCs)		
INCENTIVE	MAX/ YEAR	OTHER INFORMATION
I. Wage Credits		
RC Employment Credit	\$1500 yr per employee	Immediate family members of business owner are not eligible unless employed elsewhere.
Work Opportunity Tax Credits (WOTC)	\$2400-yr 1	State certifies eligibility by a simple process using: www.hud.gov/crlocator Cannot be combined with Welfare to Work credit.
New WOTC category for Hurricane affected employees	\$2400-yr 1	See IRS Publication 4492 and Form 8850 (revised 2006): Katrina employee certifies address to employer – no state certification; new retention credit extends to Rita and Wilma GO Zones.
Welfare to Work (WtW)	\$3500-yr 1 \$5000-yr 2	State certifies eligibility if rec'd Temporary Assistance for Needy Families 18 months.
II. Deductions		
Commercial Revitalization Deduction	\$12 million per RC per year	State allocates the \$12 million per RC per year, not to exceed \$10 million for one building. Contact your local RC to apply.
Increased 179 Deduction	\$35,000 per business	Full benefit if approximately \$200k-\$800k of equipment is purchased in a year. Must be eligible "RC business" that conducts majority of business within RC, and 35 percent of employees must be RC residents.
Environmental Cleanup Cost Deduction	Per amount based on eligible expenditure	State must certify the release or threat of release of hazardous substances.
III. Investment Incentives		
Zero % Capital Gains	Per gain on sale in RCs	New "RC business" assets held for more than 5 years. Must be eligible "RC business" that conducts majority of business within RC and 35 percent of employees must be RC residents. See IRS Pub 954.

<p>Qualified Zone Academy Bonds</p>	<p>State or local governments are able to issue bonds at no interest to finance public school programs. Private businesses must contribute money, equipment or services equal to 10 % of the bond proceeds. The bond purchasers receive interest payments in the form of tax credits.</p>	<p>\$400 million US allocation</p>	<p>Available for public or chartered school projects where 35% of students receive subsidized lunch.</p>
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***Tax preparers review IRS Publication 954 to find tax benefits for your clients. Locate your business' or employees' eligibility at HUD's Locator at www.hud.gov/crlocator. The information contained in this summary should not be relied upon for Federal government tax purposes. Please consult your tax preparer or the IRS for official guidance. US Department of Housing & Urban Development, Office of Community Renewal, website: www.hud.gov/cr**