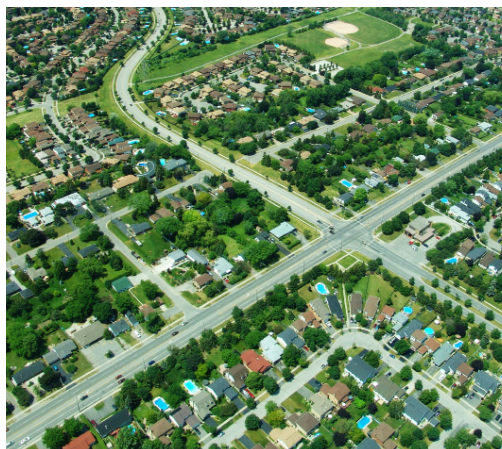


California Enterprise Zone TAX ALERT

New Enterprise Zone Boundaries Create New Tax-Saving Opportunities

With the conditional designation of eight new Enterprise Zones in 2008 and four open slots in 2009, many of the enterprise zone boundaries are changing and opening up these lucrative incentives to new businesses. These eight new zones will be located in Siskiyou County, San Joaquin County, East Los Angeles, Salinas Valley, Kings County, Oakland, West Sacramento, and Santa Ana. The four 2009 vacancies that opened are attracting unprecedented interest because of the recession. Earlier this year, 11 communities had already expressed an interest, with more expected to file applications. In good economic times, the Department of Housing and Community Development would receive six to eight inquiries for four vacancies.



The total number of Enterprise Zones statewide will remain at 42. The Enterprise Zone Program has been touted as a very successful economic development tool. A report commissioned by the Department of Housing and Community Development found that, in the designated zones, both overall poverty rates and unemployment rates declined more quickly, and wages and salaries increased more rapidly, than in other areas of the state not designated as an Enterprise Zone.

Credit Calculation

Employers within Enterprise Zones are eligible for a number of lucrative credits, including:

- Jobs tax credits for each qualified employee hired (up to \$37,440 per employee)
- Sales tax credits on capital purchases
- The ability to expense some depreciable property up-front

Recommended Action

Applying for the California Enterprise Zone Program can be complicated, and the approval process can take anywhere from 60-150 days to complete, depending on the specific Enterprise Zone and vouchering criteria.

The professionals at alliantgroup help guide companies through this process, and help determine if your business location falls within one of these eight new zones, expiring zones, or in one of the existing zones. With the extended 2008 tax return deadline coming up in the months ahead, it is important to determine eligibility soon to ensure completion for on-time filing. Companies are urged to apply as quickly as possible for the newly designated zones to ensure compliance with the program rules.

For more information on Enterprise Zone tax credits, please contact our Enterprise Zone specialist:

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About alliantgroup

alliantgroup is an independent specialty tax services firm that works with clients to ensure that they receive the full benefits of all available federal and state government sponsored incentive programs, such as the Research and Development Tax Credit, Export Tax Incentives, Manufacturing Tax Incentives, Energy Tax Incentives, various State and Local Credits & Incentives, Sales and Use Tax Refund Reviews, and Captive Insurance Companies.