

Source: Mesa County Enterprise Zone Administration

Are you using all of the TAX CREDITS available to you?

Matt's Media Emporium, a retailer of CDs and DVDs, is expanding its operations and recently purchased a small commercial building located in the Enterprise Zone (EZ). The building was constructed in 1975 and has been vacant for the past two years. Matt invested \$400,000 in repairing the roof, windows, and doors. In conjunction with the expansion of his business, Matt purchased some new cash registers and hired 6 new employees in April, who remained employed at the facility for the remainder of the calendar year. Matt pays more than half of his new employees' health insurance.

Enterprise Zone (EZ) Tax Credits:

<u>Item</u>	<u>Amount of Investment</u>	<u>Tax Credit (25%)</u>
Rehab of Vacant Building (The credit is limited to \$50,000)	\$400,000	\$50,000

<u>Item</u>	<u>Amount of Investment</u>	<u>Tax Credit (3%)</u>
Cash Registers	\$20,000	\$600

(Purchased for the business and used in the EZ at least **one year**. Provided in lieu of any old investment tax credit otherwise allowed on the same investment.)

<u>Item</u>	<u>Credit per New Employee</u>	<u>Tax Credit</u>
*Expansion Facility	\$500 x 4.5 (avg. # employees)	\$2,250

(Provided for each new employee **prorated** according to number of months of employment during the year)

<u>Item</u>	<u># of Qualifying Employees</u>	<u>Tax Credit</u>
Health Insurance	4.5 x \$200 each	\$900 x 2 years

(**50% or more** paid by employer for two years)

TOTAL TAX CREDITS FOR THE 1st YEAR: \$53,750

**Expansion Facilities must meet one of the following qualifications:

(1) \$1,000,000 investment; (2) 100% investment increase; (3) 10 employee increase over preceding 12 month average; (4) 10% employee increase over preceding 12 month average.