

## **OVERVIEW OF FEDERAL TAX INCENTIVES**

### **LOCATION CREDIT**

You may qualify for this credit if you have employees and are engaged in a business in certain government-designated distressed communities. If eligible, businesses may take an annual tax credit of up to \$1,500 for each qualified employee.

### **NEW MARKETS TAX CREDIT**

An significantly-sized tax credit, the New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

### **WELFARE-TO-WORK CREDIT**

This credit provides businesses with an incentive to hire long-term family assistance recipients. This credit is diminishing in use, however, with the rise in welfare reform.

### **WORK OPPORTUNITY TAX CREDIT**

This credit provides businesses with an incentive to hire individuals from targeted groups that have a particularly high unemployment rate or other special employment needs. The consolidated WOTC for hiring most target group members can be as much as \$9,000 for each new long-term family assistance recipient hired over a two-year period.

**For more information on either state  
or federal economic incentives,  
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