

EMPLOYMENT EXPENSE CREDIT

Enterprize Zone employers earn tax credits for putting people to work.

AMOUNT

The annual tax credit for employment is the lesser of:

*10% of any increase in wages paid to qualified employees.

or

*\$1500 times the total number of qualified employees.

USING THE EXEMPTION

Employers can claim the credit by using Schedule EZ with their tax returns. This credit may be applied against the business's Indiana gross income tax, adjusted gross income tax liabilities, and/or insurance premiums tax.

EXAMPLE:

Cost of Hiring 10 New Qualified Employees*

Additional Payroll	\$120,000
(\$12,000 per employee)	
Credit (lesser of:)	
1) 1-% X \$12,000 \$12,000	\$(12,000)
2) \$1500 X 10 \$15,000	\$(12,000)
Net cost of 10 new employees	
(\$10,800/employee)	\$108,000

* A Qualified Employee is a person who is employed by a zone business and who has his principal place of residence in the Enterprize Zone; performs services of which 90% are directly related to the conduct of the trade or business located in the zone; and who performs at least 50% of his service for the business in the zone.