

Business Incentive Expo Resource Guide

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INCENTIVE	DESCRIPTION	WEBSITE ADDRESS	CONTACT	ADDITIONAL INFORMATION
Manufacturer's Purchase Credit (MPC)	Available when a manufacturer purchases manufacturing or graphic arts machinery and equipment that qualifies for the existing sales/use tax exemptions. MPC is equal to half of the 6.25% state tax that would have been owed if the purchase was not otherwise exempt.	http://www.iltax.com/Businesses/TaxInformation/Sales/mpc.htm	(217) 782-3336	Form ST-16
Business Start Up Cost Amortization	Business start-up and organizational costs are generally capital expenditures. However, you can elect to deduct up to \$5,000 of business start-up and \$5,000 of organizational costs paid or incurred after October 22, 2004.	http://www.irs.gov/publications/p535/cho7.html	IRS: (800) 829-1040 Also, see IRS Publication 535.	IRS Form 4562.
Commercial Revitalization Deduction	The property owner can elect to treat qualified revitalization expenditures chargeable to a capital account for any qualified revitalization building	See IRS Publication 954.	IRS: (800) 829-1040 Also, see IRS Publication 954.	IRS Form 4562.
Community Employment Corporation Contribution Credit	A qualified CDC contribution is any transfer of cash to a selected CDC before June 30, 1999, that is available for use by the CDC for at least 10 years and was designated by the CDC as a qualified contribution for purposes of the credit.	See IRS Instructions for Form 8847.	IRS: (800) 829-1040 Also, see IRS Publication 551.	IRS Form 8847.
Cost Segregation Depreciation Adjustment	Cost Segregation can provide real estate purchasers with tremendous tax benefits from accelerated depreciation deductions and easier write-offs when an asset becomes obsolete, broken or destroyed.	http://www.aicpa.org/pubs/jofa/aug2004/soled.htm	IRS: (800) 829-1040 Also, see IRS Publication 334.	IRS Form 4562, in conjunction with IRS Form 3115.
Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips	An employer in the food and beverage industry, may be entitled to a credit for the social security and Medicare taxes you pay on your employees' tip income. The credit equals the social security and Medicare taxes you paid on the tips received by the employee.	http://www.irs.gov/businesses/small/industries/article/0,,id=98463,00.html	IRS: (800) 829-1040 Also, see IRS Publication 334.	IRS Form 8846.

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Disabled Access Credit	Internal Revenue Code Section 44 creates a disabled access credit in the case of an "eligible small business" equal to an amount of 50 percent of the "eligible access expenditures", for the taxable year, that exceed \$250 but does not exceed \$10,250.	http://www.workworld.org/wwwwebhelp/disabled_access_tax_credit.htm	IRS: (800) 829-1040 Also, see IRS Publication 334.	IRS Form 8826.
Domestic Production Activities Deduction	Businesses with "qualified production activities" can take a tax deduction of 3% from net income. The deduction increases to 6% in year 2007, and 9% in year 2010.	http://www.irs.gov/formspubs/article/o..id=177957.00.html	IRS: (800) 829-1040 Also, see IRS Publication 535.	IRS Form 8903.
Education Loan Repayment Deduction (IL)	ILLINOIS ONLY. Subtract the amount of education loan repayments made for primary care physicians who agree to practice in designated shortage areas for a specified period of time under the terms of the Family Practice Residency Act.	http://www.revenue.state.il.us/TaxForms/Inc2007/Individual/IL-1040-M-Instr.pdf	See IL instructions for Form IL-1040, Schedule M	IRS Form 3468.
Empowerment Zone and Renewal Community Employment Credit	Businesses located in one of these areas can claim a tax credit of up to \$3,000 a year for each employee who lives in an Empowerment Zone, or up to \$1,500 for each employee who lives in a Renewal Community.	http://www.simtaxusa.com/empowermentzone.html	IRS: (800) 829-1040 Also, see IRS Publication 551.	IRS Form 8844.
Enterprise, River Edge Development Zone, and High Impact Business Dividend Subtraction (IL)	ILLINOIS Investors may claim a subtraction for dividends received from a corporation that conducts substantially all of its business operations in an Illinois enterprise or river edge redevelopment zone or zones.	http://www.revenue.state.il.us/taxforms/Inc2007/Individual/Schedule-1299-C-Instr.pdf	IRS: (800) 829-1040 Also, see IRS Publication 334.	IL Form 1299-C with IL-1040, Schedule M
Interest Received on Federally Tax Exempt Obligations Issued by Certain Illinois Development Agencies	ILLINOIS ONLY. There is a subtraction for interest received from various securities including Illinois Housing Development Authority Bonds and notes; Export Development Act of 1983 bonds; Illinois Development Finance Authority bonds; College Savings bonds, Rural Bond Bank Act bonds and notes; and Illinois Development Finance Authority bonds issued under the Asbestos Abatement Finance Act.	http://www.revenue.state.il.us/TaxForms/Inc2007/Individual/IL-1040-M-Instr.pdf	See IL instructions for Form IL-1040, Schedule M	IL-1040, Schedule M

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<p>Investment Tax Credit -- Business Energy Tax Credit</p>	<p>An energy credit is allowed for 10 percent of the cost of the following types of property placed in service during the year: (1) equipment that uses solar energy to generate electricity, heat or cool a structure, provide hot water, or provide solar process heat; or (2) equipment used to produce, distribute, or use geothermal energy stored in rocks, water, or stream.</p>	<p>http://www.finance.cch.com/text/c60s15d780.asp</p>	<p>IRS: (800) 829-1040 Also, see IRS Publication 334.</p>	<p>IRS Form 3468.</p>
<p>New Markets Tax Credit</p>	<p>A credit of 5% to 6% per year for seven years is available. 39% is the total credit. Claim a tax credit for a qualified equity investment in a qualified community development entity (CDE).</p>	<p>http://www.irs.gov/publications/p954/ar02.html</p>	<p>IRS: (800) 829-1040 Also, see IRS Publication 954.</p>	<p>IRS Form 8874.</p>
<p>Pension Plan Start Up Costs Credit</p>	<p>This helps small businesses offset the costs of setting up and administering a new qualified employer plan and educating employees about it. The credit is 50% of these costs, with a maximum amount of \$500 per year.</p>	<p>http://www.penplans.com/start/content/pdfs/downloads/Taxcredits.pdf</p>	<p>IRS: (800) 829-1040 Also, see IRS Publication 560.</p>	<p>IRS Form 8881.</p>
<p>Section 179 Depreciation</p>	<p>Increased section 179 limits. The maximum section 179 deduction that can be elected for qualified section 179 property placed in service in 2007 has increased to \$125,000 (\$160,000 for qualified enterprise zone and qualified renewal community property).</p>	<p>http://www.irs.gov/formspubs/article/o,,id=109879,00.html</p>	<p>IRS: (800) 829-1040 Also, see IRS Publication 334.</p>	<p>IRS Form 4562.</p>
<p>Work Opportunity Tax Credit</p>	<p>The Work Opportunity Tax Credit provides an incentive to hire individuals from targeted groups that have a particularly high unemployment rate or other special employment needs.</p>	<p>http://www.doleta.gov/business/incentives/opntax/</p>	<p>IRS: (800) 829-1040</p>	<p>IRS Form 5884. IRS For, 8850. Also, US DOL Employment & Training Administration Form 9061 or 9062. New employees should have already been conditionally certified as belonging to a WOTC target group by a state workforce agency (SWA).</p>