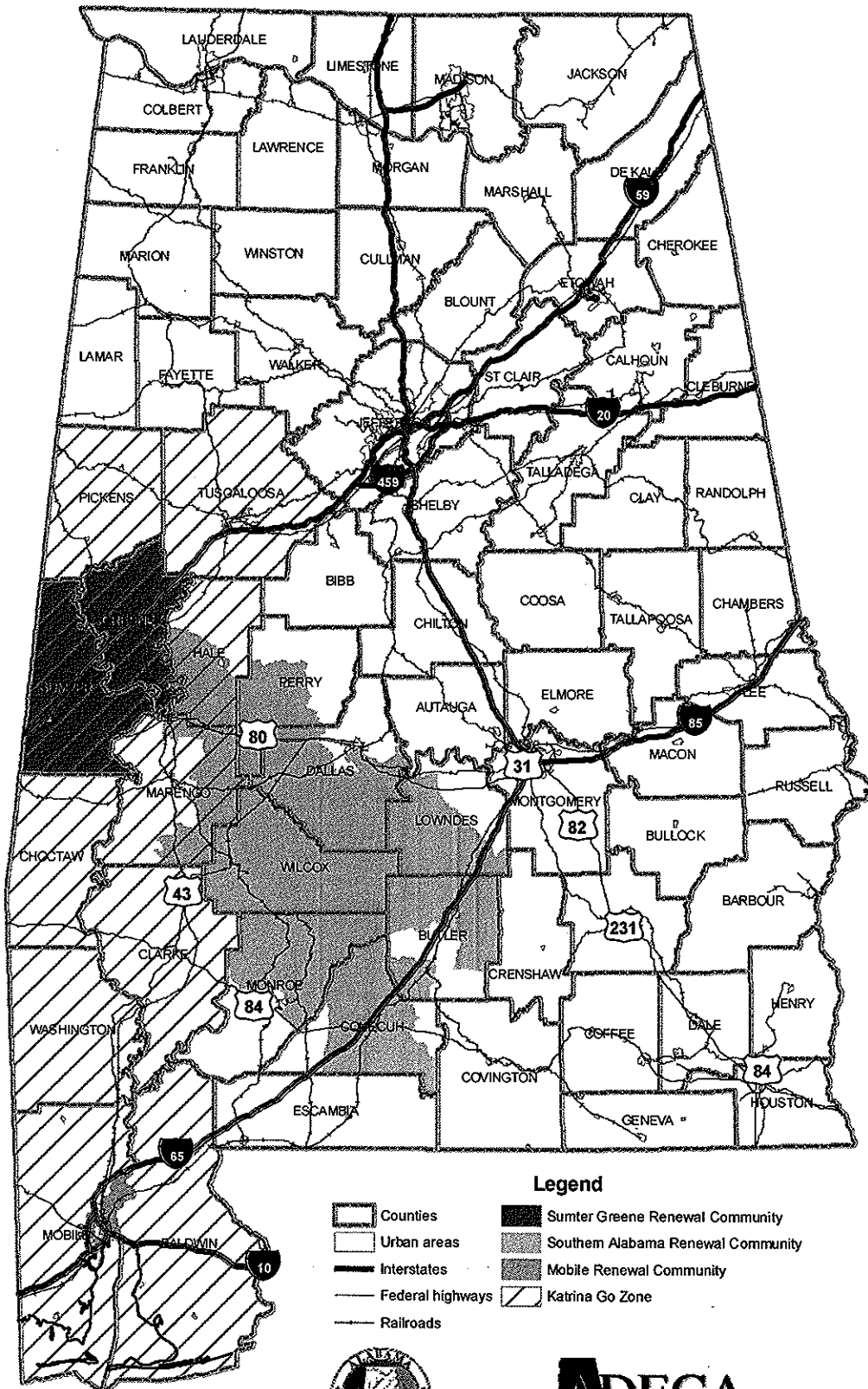


# Alabama's Renewal Communities



### Legend

- Counties
- Urban areas
- Interstates
- Federal highways
- Railroads
- Sumter Greene Renewal Community
- Southern Alabama Renewal Community
- Mobile Renewal Community
- Katrina Go Zone





**\*Take this to your Tax Preparer \***

# TAX TIPS

## For Accountants and Businesses in RENEWAL COMMUNITIES (RCs)

INCENTIVE	MAX/ YEAR	OTHER INFORMATION
<b>I. Wage Credits</b>		
<b>RC Employment Credit</b>	\$1500 per yr employee	Immediate family members of business owner are not eligible unless employed elsewhere.
<b>Work Opportunity Tax Credits (WOTC)</b>	\$2400-yr 1	State certifies eligibility by a simple process using: <a href="http://www.hud.gov/crlocator">www.hud.gov/crlocator</a> . Cannot be combined with Welfare to Work credit.
<b>New WOTC category for Hurricane affected employees</b>	\$2400-yr 1	See IRS Publication 4492 and Form 8850 (revised 2006): Katrina employee certifies address to employer – no state certification; new retention credit extends to Rita and Wilma GO Zones.
<b>II. Deductions</b>		
<b>Commercial Revitalization Deduction</b>	\$12 million per RC per year	State allocates the \$12 million per RC per year, not to exceed \$10 million for one building. Contact your local RC to apply.
<b>Increased 179 Deduction</b>	\$35,000 per business	Full benefit if \$143k-\$860k of eligible equipment is purchased in 2006. Must be eligible "RC business" that conducts majority of business within RC, and 35 percent of employees must be RC residents.
<b>III. Investment Incentives</b>		
<b>Zero % Tax on Capital Gains</b>	Per gain on sale in RCs	New "RC business" assets held for more than 5 years. Must be eligible "RC business" that conducts majority of business within RC and 35 percent of employees must be RC residents. See IRS Pub 954.
<b>Qualified Zone Academy Bonds</b>	\$400 million US allocation	Available for public or chartered school projects where 35% of students receive subsidized lunch.

\*Tax preparers review IRS Publication 954 to find tax benefits for your clients. The information contained in this summary should not be relied upon for Federal government tax purposes. Please consult your tax preparer or the IRS for official guidance. US Department of Housing & Urban Development, Office of Community Renewal, website: [www.hud.gov/cr](http://www.hud.gov/cr)