



Renewal Community Initiative Tax Credit Program

Program Overview

The 2000 Community Renewal Tax Relief Act established the Renewal Community Initiative (RC) estimated at \$17 billion in tax incentives to stimulate job growth and economic development in distressed communities. The Act promotes economic development through tax deductions, capital gains exclusions, and bond financing. The RC program provides a federal income tax credit equal to \$1,500 per qualified employee, per year. Employers' facilities or work sites must be located in the zone and employees must live in the zone.

Effective January 1, 2002, **15% of the first \$10,000 (\$1,500 maximum)** of a qualified employee's annual wages received at "qualified sites" are considered a federal income tax credit for the employer of record. Employers can apply this credit directly to their corporate tax liability or as a pass-through credit to individual shareholders of a sub-S or LLC organization. Please refer to the "Location Overview" for geographical areas eligible for this federal program. For more information about this federal program, see IRS Publication 954

RetroTax™ Role

RetroTax™ can do **all of the work** needed for employers to collect their RC credits, including computing the credits and completing all documentation.

RetroTax™ Procedures

1. Determine which employees meet the geographic requirements (using RetroTax's unique proprietary software)
2. Determine minimum retention requirements
3. Determine qualifying wages based on analysis of: hire dates, termination dates, qualifying rehire dates and maximum annual credits
4. Calculate federal income credit for 2005, 2006, 2007, and 2008
5. Provide appropriate schedules, supporting documentation and reports to you and/or your accounting firm
6. Repeat steps 1 through 5 for the remainder of the program or until 2009

RetroTax™ can seek out these credits for you in any of the RC or FEZ zones in which you have facilities or locations as well as advise you of any other state and federal tax programs for which you may be eligible.

Your Role

Our client's only responsibility is to provide RetroTax™ with a report (quarterly or annually) of employees on the payroll for each calendar year in any format convenient for you: electronic file, hard copy, etc.

Fees

20% fee, contingent upon the total credits we are able to obtain for you.



Federal Renewal Community Program Location Overview

Effective January 1, 2002

The following new Renewal Communities (RCs) will receive regulatory relief and tax breaks to help local businesses provide more jobs and promote community revitalization.

* - communities expanded in April 2006

The designated Renewal Communities are:

- Alabama:** *Mobile, Al., Greene and Sumter Counties, and Nine counties in *Southern Alabama (Butler, Conecuh, Dallas, Hale, Lowndes, Marengo, Monroe, Perry and Wilcox)
- California:** Los Angeles, Orange Cove, Parlier, San Diego, and San Francisco
- Georgia:** Atlanta (Fulton and De Kalb Counties)
- Illinois:** Chicago
- Kentucky:** Four counties in Eastern Kentucky (Breathitt, Lee, Wolfe and Owsley)
- Louisiana:** 14 parishes in Northern Louisiana (Claiborne, Union, Morehouse, Webster, Lincoln, West Carroll, Bienville, Jackson, Richland, Red River, De Soto, Winn, Caldwell and Franklin); *New Orleans (New Orleans and Jefferson Parishes); *Ouachita Parish; 11 parishes in Central Louisiana (La Salle, Tensas, Natchitoches, Sabine, Grant, Catahoula, Vernon, Rapides, Concordia, Beauregard and Avoyelles)
- Massachusetts:** *Lawrence and Lowell
- Michigan:** Detroit and *Flint
- Mississippi:** 13 counties in West-Central Mississippi (Adams, Attala, Claiborne, Copiah, Hinds, Holmes, Humphreys, Jefferson, Leake, Madison, Warren, Washington and Yazoo)
- New Jersey:** *Camden and Newark
- New York:** *Buffalo-Lackawanna, *Jamestown, *Niagara Falls, *Rochester, and *Schenectady
- North Dakota:** *Turtle Mountain Band of Chippewa
- Ohio:** Hamilton and Youngstown
- Texas:** *Corpus Christi and El Paso County
- Pennsylvania:** *Philadelphia
- Washington:** *Yakima and Tacoma
- South Carolina:** Charleston
- Wisconsin:** *Milwaukee
- Tennessee:** Chattanooga and *Memphis
- Vermont:** Burlington

An estimated \$6 billion in incentives are exclusively available for Renewal Communities across the country. As distressed communities, Renewal Communities will also be eligible to share in an additional \$11 billion in Low-Income Housing and New Market Tax Credits.