

## Community Renewal Tax Relief Incentives – HUD WorkPad

If you are in a RENEWAL COMMUNITY (RC) then the following tax incentives apply:

### Renewal Community Employment Credit (RC Wage Credit)

WorkPad for a Business Located in the Renewal Community

**Description:** Credit against Federal taxes up to \$1,500 for each year of RC designation for every existing employee and new hire who lives and works in the RC. The credit is available beginning January 1, 2002 through December 31, 2009.

- The wage credit is 15 percent of wages up to the \$10,000 wage amount.
- No limit on number of employees taking the credit

**Note:** Cannot count same wages for both the WOTC and WtW credits and the RC Wage Credit.

**Applicable IRS Tax Form:** Form 8844

**Applicable IRS Publication:** Publication 954

**Example 1:** Bob hires 4 employees who live and work in the RC and pays each of them \$12,000. Bob's RC Wage Tax Credit would be:  $4 \times \$10,000 \times .15 = \$6,000$ .

**Example 2:** Joe hires 6 employees who live and work in the RC, paying three of them \$15,000 and three of them \$8,000. Joe's RC Wage Tax Credit would be:  $((3 \times \$10,000) + (3 \times \$8,000)) \times .15 = \$8,100$ .

Formula

$$\boxed{\phantom{000}} \times \boxed{\phantom{000}} \times .15 = \boxed{\phantom{000}}$$

Number of RC employees                      Wage (up to \$10,000)                      RC Credit Rate                      Wage Credit

Please turn this page over to answer some important questions.

The formulas contained in the workpad result only in estimated tax savings and should not be officially relied upon for Federal government tax purposes. Please consult your tax preparer or the IRS for official guidance.

**To ensure that the Federal Government continues to offer this valuable tax incentive to your business, please provide the following information:**

1. Did your business include Form 8844 **EMPOWERMENT ZONE AND RENEWAL COMMUNITY EMPLOYMENT CREDIT** in your tax return this year to claim Renewal Community (RC) wage credits?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

2. For how many employees did you claim RC wage credits on Form 8844? \_\_\_\_\_
3. What was your tax savings due to the RC wage credits? \$ \_\_\_\_\_
4. How many employees did you hire last year because of your expected savings from the RC wage credits? \_\_\_\_\_
5. How many employees did you retain last year because of your expected savings from the RC wage credits? \_\_\_\_\_