

Empowerment Zone Tax Incentives Summary Chart

Prepared by HUD's Office of Community Renewal - August 2013



Incentive	Type	Description	Benefit	Forms/Resources
EZ Employment Credit	Wage Credit	Annual tax credit of up to \$3,000 for employees who live and work in an EZ. Businesses are required to verify employee addresses using the EZ Mapping Tool - www.hud.gov/crlocator .	Credit equal to 20% of the first \$15,000 in employee salary.	Please refer to IRS Form 8844 .
Work Opportunity Tax Credit (WOTC)	Wage Credit	Tax credit of up to \$2,400 for each new employee aged 18 to 39 years old who lives in the EZ. Additional Summer Youth designation, allows for a tax credit of up to \$1,200 for a new employee age 16 or 17 who resides in the EZ.	Credit equal to 40% of the first \$6,000 in Designated Community Resident salary and 40% of the first \$3,000 in Summer Youth salary.	Request for WOTC must be filed with the State within 28 days from the hire date. Refer to IRS Forms 8850 and 5584 .
Increased Section 179 Deductions	Deduction	Section 179 deduction allows business owners to recover all or part of the cost of certain qualifying property, up to a limit, by deducting it in the year that the property is placed into service. For EZ business owners an increased 179 deduction is available. The maximum section 179 deduction dollar limit can be increased up to \$535,000 for EZ business owners.	The maximum \$500,000 section 179 deduction dollar limit can be increased up to \$535,000.	Please refer to IRS Publication 946 .
Non-Recognition of Gain on Rollover	Investment Incentives	Allows EZ businesses to elect to rollover certain gain from the sale of a qualified EZ asset. If the EZ business purchases certain replacement property and elects the application of IRC section 1397B, the EZ business may be able to postpone part or all of the recognition of gain. This incentive is not currently available to EZ businesses. Corrective Congressional action may be necessary to fix this provision.	EZ businesses may be able to postpone part or all of gain on sale of a qualified EZ asset that the business would otherwise include in income. This incentive is not currently available to EZ businesses.	Please refer to IRC Section 1397B.
EZ Facility Bonds	Investment Incentives	Low interest EZ facility bonds are issued by a Local Government or a State Government to an applying EZ business to finance qualified zone property.	Bonds cannot exceed a maximum of \$230 Million.	Please refer to IRC Section 1394.
Qualified Zone Academy Bonds (QZABs)	Investment Incentives	QZABs allow State or Local Governments to issue no interest bonds to "qualified zone academies". Local education agencies must obtain commitments from private entities for qualified contributions of no less than 10% of the bond.	National volume cap for QZABs issued for 2013 is \$400 Million. This amount is allocated among the states as set forth in Notice 2013-3. Possible volume cap carryover from previous years.	Please refer to IRC Section 54E and IRS Notice 2013-3 in IRB 2013-7.