

QUALIFIED EMPIRE ZONE ENTERPRISE TAX CREDITS (QEZE)/EXCELSIOR PROGRAM

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Excelsior program will replace temporarily discontinued QEZE applications. QEZE zones are specifically designated areas inside of counties located in New York State. Companies located inside these zones are entitled to large scale tax benefits and credits on their New York State tax returns.

The benefits are as follows:

1. **Tax reduction credit:**

Lasts for 10 years and is first in the pecking order. The credit is based on the percentage of entity income over total income multiplied by the tax. There is no carryover of this credit to future years.

2. **Wage credit:**

This credit is available for the first 5 years that a company is registered inside the zone. The credit amounts are from \$1,500 to \$3,500 per full-time employee. This credit will carryover to future years.

3. **Investment tax and employee incentive credits:**

For manufacturers inside the zone, the investment credit is increased to 8% from 4% and the employee incentive credit is increased to 3 years at 30% of the investment tax credit base instead of 2 years at 2½% of the investment tax credit base. These are non-refundable but will carryover the same as the wage credit. The increased rates do not have any benefit period limitation.

4. **Real property tax credit:**

This is a refundable credit that refunds the real property taxes paid inside the zone for the first 10 years registered as a QEZE. The credit is limited to 25% of wages paid inside the zone up to \$40,000 per employee. For manufacturers, there is an optional 10% of capital improvements calculation that can also be used.

5. **Sales tax benefits:**

Items purchased that are used primarily in the QEZE not already exempt under the production exemption will be exempt from the 4% New York State sales tax and the ¾% MCTD (Metropolitan Commuter Transportation District) rate for ten years.

These credits and other zone benefits are only available if applied for. Just being in the zone does not qualify. In addition, companies that have an RSP (Regionally Significant Project), can obtain the same zone benefits even though they are not in the designated zone but are in a county that contains a zone. This requires some additional effort with the local zone coordinator and Albany.

Biscotti, Toback & Company has been involved in obtaining QEZE zone benefits for our clients since the inception of this NYS program.