



D. H. SCOTT & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY PARTNERSHIP

## ***New Employment Credit (NEC) January 1, 2014***

The new credit applies to qualified full-time employees hired on or after January 1<sup>st</sup>. This new credit replaces the *Enterprise Zone Credit*. If you hired an employee under the old credit on or before 12/31/13, the Smart Business Resource Center will still accept vouchers until November 15, 2014. Vouchered employees can still generate the full 60 month credit and a 10-year carryover will be allowed for unused credits.

***In order to receive the new credit, you must have a net increase in the total number of full-time employees in California, annually re-certify employment within 2½ months after close of taxable year and meet the following criteria:***

1. A qualified employer must be engaged in a trade or business that is not an "excluded business." Excluded business includes temporary help, retail, food and alcoholic beverage sales, Casinos and Casino Hotels, and all sexually oriented businesses. There is an exception to "excluded businesses" if you are considered a *small business*. (Go to the website listed at the bottom for a definition of small business.)
  2. A qualified full-time employee has a starting wage at 150% the minimum wage (currently \$12 per hour for an average of 35 hours per week) and meets **one** of the following conditions:
    - a. Unemployed for 6 months preceding hire
    - b. Veteran separated in the preceding 12 months
    - c. Recipient of the Earned Income Credit in the prior year
    - d. Ex-Offender convicted of a felony
    - e. Current recipient of CalWORKS or general assistance
  3. You must conduct business within a designated geographic area (DGA), *formerly the Enterprise Zones*. Go to <http://maps.gis.ca.gov/gobiz/dga/default.aspx> to verify DGA.
  4. Complete a Tentative Credit Reservation (TCR) available via an FTB online application  
[https://www.ftb.ca.gov/online/New\\_Employment\\_Credit\\_Reservation/New\\_Employment\\_Credit\\_Reservation.asp](https://www.ftb.ca.gov/online/New_Employment_Credit_Reservation/New_Employment_Credit_Reservation.asp)
- \*\*You must submit the request within 30 days of completing the EDD New Hire Report.

**For additional information, go to:**

[https://www.ftb.ca.gov/online/New\\_Employment\\_Credit\\_Reservation/FAQs.shtml](https://www.ftb.ca.gov/online/New_Employment_Credit_Reservation/FAQs.shtml)