

Revenue Ruling 29-87-6 Economic Development Tax Incentives

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Economic Development Tax Incentives – New Employees at More Than One Location. NEW EMPLOYEES WHO ARE EMPLOYED AT MORE THAN ONE OF THE TAXPAYER'S LOCATIONS CAN BE INCLUDED TO DETERMINE THE NUMBER OF NEW EMPLOYEES OR THE CREDIT ON WAGES PAID, ONLY TO THE EXTENT THEY ARE PAID FOR WORK PERFORMED AT THE PROJECT.

Advice has been requested as to whether or not an employee who is not a base-year employee and who works at the project and also at other locations of the taxpayer would be included in determining the number of new employees or in the computation of the credit based on compensation for the purposes of the Employment and Investment Growth Act.

Section 77-4103(9), R.S.Supp. 1987, provides in part that:

Number of new employees . . . employed at the project . . . shall be determined by converting into equivalent employees of forty hours per week the number of hours paid . . .

Section 77-4105(4)(a), R.S.Supp. 1987, provides in part that:

A credit . . . compensation paid . . . while employed at the project . . .

The number of new employees is based on the number of hours worked at the project. The number of hours worked are converted to employee equivalents based on a forty hour week. Any part-time employees would have the number of hours they worked included in determining the equivalent number of employees working at the project.

If employees work at the project and at other locations of the taxpayer, they are in effect part-time employees at the project. The number of hours they worked at the project will be included in determining the number of new employees.

For the employees who work at more than one location of the taxpayer, the amount of the compensation on which the credit is computed will be based on the portion of the time that they work at the project. The number of hours included in computing the number of new employees can be used to determine the portion of the wages paid on which the credit can be computed.

Employees, such as auditors, who regularly work at the project, but who also perform some services for the taxpayer at other locations, will be considered employed full-time at the project if more than 80 percent of the time for which they are compensated is spent at the project.

APPROVED:

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