

Revenue Ruling 29-90-2 Economic Development Tax Incentives

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Economic Development Tax Incentives – New Location. UNDER THE EMPLOYMENT EXPANSION AND INVESTMENT INCENTIVE ACT, THE CALCULATION OF EMPLOYMENT AND INVESTMENT MUST BE DETERMINED BASED ON THE TAXABLE YEARS OF THE COMPANY AS A WHOLE. A NEW LOCATION WHICH BEGINS BUSINESS DURING THE TAXABLE YEAR MUST REPORT EMPLOYMENT AND INVESTMENT LEVELS BASED ON THE TAXABLE YEAR OF THE EXISTING LOCATIONS.

Advice has been requested regarding the calculation of employment and investment for companies which are adding new locations.

The employment and investment calculations must be determined based on the taxable years of the company as a whole. A new location which begins business during the taxable year must report employment and investment levels based on the taxable year of the existing locations.

For example, Company B has two existing locations, X and Y, on January 1, 1990. Company B's taxable year runs from January 1 through December 31. On May 15, 1990, Company B began business at a new location Z and invested \$200,000 of qualified investment on that date. On May 15, 1990, location Z had no employees. On June 1, 1990, two employees were hired at location Z, and on September 1, 1990, two more employees (for a total of four) were hired at location Z. The Nebraska Employment and Investment Credit Computation, Form 3800N, for location Z should be completed in the following manner:

APPROVED:

John M. Boehm
State Tax Commissioner

January 3, 1991
