

Enterprise Zone Credit Instructions

Business Owner

A representative of the city in which your business is located must complete this form and send to the Commissioner of Employment and Economic Development (DEED) before you may claim the Enterprise Zone Credit on your income tax return or with your county auditor. Your city will return this form to you upon final approval.

How to Claim Your Enterprise Zone Credits

If the city allows your business a property tax credit only, give the county auditor a copy of the approved form. Keep a copy for your records. If the city allows your business to claim enterprise zone credits on your income tax return, attach this form to your income tax return, Form M1, *Individual Income Tax Return* or Form M4, *Corporate Franchise Tax Return*. If you are filing Form M1, fill in the amount as a credit on the line for Child and Dependent Care Credit and write Enterprise Zone Credit beneath the line.

If your operations in the enterprise zone stop within 2 years after you claim the credits, you must repay all or part of the credits. These tax reductions shall not apply if you are one of these restricted businesses: recreation or entertainment facility, golf course, country club, massage parlor, tennis club, skating facility, racquet sports facility, hot tub facility, suntan facility, racetrack; property of a public utility; financial institution; fraternal or veterans' organization; a retail food or beverage facility operating under a franchise agreement that requires the business to be located in this state. (Minn. Stat. § 469.171, subd. 4)

City Official

Complete and send this form to the address at the bottom of the form.

Part 1

Check the appropriate boxes to indicate the types of income tax credits that the business will be allowed to claim.

Line 1

If the business bought equipment to be used in the enterprise zone or construction materials, it may be allowed a credit for all or part of the sales tax you paid on those purchases. Fill in the sales tax amount that the city has determined the business may claim as a credit.

Line 2

If the business pays interest on a debt to finance the construction of a new or expanded facility in the enterprise zone, it may be allowed a credit for a percentage of the interest paid. Fill in the amount of interest that the city has determined the business can claim as a credit.

Line 3

The business may be allowed a credit based on the number of new workers employed in the enterprise zone (other than workers employed in construction). The maximum amount allowed per employee is \$3,000 per year. Fill in the amount of credit per employee that the city has determined the business can claim.

Line 4

Enter the number of new employees who work for the business.

Line 6

If the business is in a border city zone, an additional credit is allowed for workers employed in the enterprise zone for whom the business could not claim the credit figured on line 5. The maximum amount that may be allowed per employee is \$1,500 per year. Enter amount of credit per employee that the city has determined the business can claim.

Line 7

Enter the number of employees for which the business may claim the amount listed on line 6.

Line 9

Add the amounts on lines 1, 2, 5, and 8. Enter the total on line 9. This is the total of the enterprise zone credits that the business may claim on its income tax return (after they have been approved).

Part 2

Line 10

An enterprise zone credit may also be allowed for a portion of the property taxes paid on a new commercial or industrial facility in the zone or the additional property taxes paid on the expansion of an existing commercial or industrial facility in the zone. In a border city zone, the credit may also be allowed for a portion of the property taxes paid on an existing commercial or industrial facility. The credit for property tax cannot be claimed on the business' income tax return.

If the city lists an amount for a property tax credit on line 10, the business must claim that credit with the county auditor by October 15 of the year before the year for which the business will receive the credit.

Information and Assistance

If you need help or additional information, contact BorderCities.DEED@state.mn.us.