

19 Enterprise Zone Employee Credit

3553

Attach to your California tax return.

Name(s) as shown on return	Social security number
1 Enter the total amount of wages you earned working in an enterprise zone. Do not enter more than \$10,500	1 _____
2 If you file a joint return, enter the total amount of wages your spouse earned working in an enterprise zone. Do not enter more than \$10,500	2 _____
3 Add line 1 and line 2	3 _____
4 Multiply the amount on line 3 by 5% (.05).	4 _____
5 Enter the amount from Form 540, line 17, or Form 540NR, line 17.	5 _____
6 If the amount on line 5 is:	
• equal to or less than the amount on line 3, enter -0- and skip to line 10	
• more than the amount on line 3, enter the amount on line 3.	6 _____
7 Subtract line 6 from line 5.	7 _____
8 Multiply line 7 by 9¢ (.09).	8 _____
9 Subtract line 8 from line 4. If the result is zero or less, STOP . You do not qualify for this credit	9 _____
10 Enter the total amount of enterprise zone wages. See Instructions	10 _____
11 Enter the total amount of employee business expenses that you paid relating to your work in the enterprise zone	11 _____
12 Taxable income. Subtract line 11 from line 10.	12 _____
13 Enter the amount of tax for the amount on line 12. See instructions	13 _____
14 Total available enterprise zone employee credit. Enter the lesser of line 9 or line 13. If you skipped line 9 and entered zero (-0-) on line 6, enter the lesser of line 4 or line 13	14 _____

Caution: Your credit may be limited. See the instructions for line 14.

General Information

A Purpose of Form

If you worked within the boundaries of a California enterprise zone, you may be allowed a credit against your income tax for a portion of wages earned in the zone. Use this form to figure the amount of credit you are allowed. You must use Form 540, California Resident Income Tax Return, or Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, to claim this credit.

B Who Qualifies for the Credit

To qualify, you must:

- Perform at least 50% of your compensated work within the boundaries of an enterprise zone in California;
- Spend at least 90% of your work time on activities that are directly related to the operation of the trade or business located within the enterprise zone; and
- Not work for federal, state or local government.

C Credit Amount

The credit is 5% of each employee's qualified wages, up to a maximum credit of \$525 per employee. Qualified wages are wages earned in the geographical areas designated as enterprise zones. Portions of the following areas are enterprise zones:

- Altadena/Pasadena
- Calexico
- Coachella Valley

- Delano
- Eureka
- Fresno
- Kings County
- Lindsay
- Long Beach
- Los Angeles – Central City
- Los Angeles – Northeast Valley (formerly Pacoima)
- Merced/Atwater
- Oakland
- Oroville
- Porterville
- Richmond
- Sacramento Army Depot
- San Bernardino/Riverside (Agua Mansa)
- San Diego – Barrio Logan
- San Diego – Otay Mesa/San Ysidro
- San Francisco
- San Jose
- Santa Ana
- Shafter
- Shasta Metro
- Shasta Valley
- Stockton
- Yuba City/Marysville

The zones are designated by the California Trade and Commerce Agency. Federal zone designations do not qualify.

D Credit Limitations

Zone Income Limitation

You may not apply the credit toward any taxes due on income you and your spouse earned outside the enterprise zone or prior to the zone designation.

Compute this limitation on line 10 through line 13 of form FTB 3553.

Income Limitations

This credit may not reduce net tax below the tentative minimum tax (TMT). See Schedule P (540, 540NR) for more information. It may not be refunded or carried over to future taxable years.

You must reduce this credit by nine cents (.09) for each dollar of income you received in excess of your qualified enterprise zone wages. The maximum amount of these wages that are qualified are \$10,500 per each enterprise zone employee.

Specific Line Instructions

Line 10 — Total zone wages are all zone wages. This amount is not limited by \$10,500 like the amounts on line 1 and line 2.

Line 13 — Find the amount of tax from the tax table in the Form 540 or 540NR instructions for the amount shown on line 12. Use the same filing status you used on your Form 540 or Form 540NR.

Line 14 — The amount of this credit you may claim on your tax return may be limited. See the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return. You must use code number **169** to claim this credit.