

California Enterprise Zone Benefits for Banks

Net Interest Deduction for Lenders

Banks are permitted a deduction from California taxable income for “net interest” received from commercial loans made to customers located in one of California’s 42 enterprise zones. It is not necessary for the lender to be located within the boundaries of an enterprise zone to take advantage of the deduction.



Hiring Credit

Banks with locations in an enterprise zone may also qualify for the Enterprise Zone Hiring Credit. An employer can expect to receive over \$35,000 per qualified, full time employee retained for 5 years, or over \$19,000 if the employee is retained 2 years.

Sales & Use Tax Credit allows tax credits for investments in qualifying capital equipment located within an Enterprise Zone.

Examples of Actual Client Savings

Bank 1: \$8 Billion in Assets

Before: Bank was using a Big 4 Firm; not claiming EZNID at all

▶ **Now:** Labhart Miles has identified over **\$1 Million in tax savings annually.**

Bank 2: \$3 Billion in Assets

Before: Bank was computing EZNID in house and lost almost 50% of benefit on audit

▶ **Now:** Labhart Miles reviews loan documents to document the deduction and reduce audit risks, while identifying tax savings of over **\$500,000 annually.**

Bank 3: \$275 Million in Assets

Before: Bank located in the EZ was using a local CPA firm and calculating the EZNID in house

▶ **Now:** Labhart Miles increased EZNID by over **300% and identified hiring credits of over \$100,000 annually.**

Client Value

The Net Interest Deduction provides a way for lenders to be as competitive as possible. On many loans, the NID can increase your Net Interest Margin, thus allowing you to price loans competitively. And if you’re not in a competitive situation, the NID provides a permanent tax savings. A double “value proposition.”

How to Get Started

To schedule a free analysis of your estimated tax benefits, contact us at 408-266-2259 or info@labhartmiles.com

LM Labhart Miles
consulting group, inc.

About Labhart Miles Consulting Group

State Tax Solutions

Labhart Miles Consulting Group is a professional services firm specializing in multi-state tax solutions. We address state and local tax issues for our clients, including general state tax consulting, nexus reviews, credits and incentives maximization, income tax and sales/use tax planning, and other special projects.

With over 45 years combined experience, we are proud to have secured significant benefits for some of the best companies in the country.

Our clients range from Fortune 500 to start up companies in a variety of industries, including manufacturing, technology, construction, financial institutions/banking, shipping, and utilities.

Member/sponsor of the following:

- California Association of Enterprise Zones
- California Economic Opportunity Network
- Western Independent Bankers
- Pacific Coast Bankers' Bank Conferences

Our clients benefit from Labhart Miles' proven methodology to accurately identify loans qualifying for the EZ Net Interest Deduction. Labhart Miles reviews loan documents to ensure audit sustainability while maximizing benefits. We provide quality service backed by tested processes, thoughtful analysis, and organized documentation. Labhart Miles – Enterprise Zone Benefit Experts.

Principals



Bill Labhart

Bill has served clients for over 30 years in consulting, "Big 4" Public Accounting, Industry, and State Government, providing such services as strategic tax planning, transaction reviews, audit resolution, nexus analysis, and credits and incentives consulting in state income/franchise, and sales/use taxes. He is a technical editor for The Journal of Multistate Taxation and Incentives and holds a B.S. in Accounting. ●



Monika Miles

Monika has served clients for over 15 years in consulting, "Big 4" Public Accounting, and Industry, providing such services as federal and state income/ franchise tax compliance and consulting, sales/use tax consulting, audit support and credits and incentives reviews. Her professional affiliations include the AICPA, the Texas Society of CPAs, the National Association of Women Business Owners, and the American Society of Women Accountants, where she currently serves on the National Board of Directors. Monika holds a BBA in Accounting/Finance and a Masters in Taxation. ●

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