

CALIFORNIA SMALL BUSINESS EMERGENCY RELIEF MAIN STREET HIRING TAX CREDIT

➤ NEW TAX RELIEF FOR SMALL BUSINESSES

- **New tax credit for each new hire.** Provides a \$1,000 tax credit for small businesses for each new hire they make between January 1, 2020, and January 1, 2021.
- **Options for taxpayers.** Taxpayers who receive a credit can apply it against either their income tax or sales and use tax liability.

➤ WHO IS ELIGIBLE?

- A qualified small business employer must meet two requirements:
 - As of December 31, 2019, employed a total of 100 or fewer employees, and
 - Experienced a 50% decrease in gross receipts for the three-month period beginning on April 1, 2020, and ending on June 30, 2020.
- Net increase in employees:
 - The small business had a net increase in employment between July 2020 through November 2020, compared to the prior quarter (April 2020 through June 2020); and
 - No employer can receive more than \$100,000 in credit.

➤ HOW DO I APPLY?

- **Reservations are required.** To receive a tax credit tentative reservation, taxpayers must apply to the California Department of Tax and Fee Administration (CDTFA) through the following link: <https://www.cdtfa.ca.gov/taxes-and-fees/SB1447-tax-credit.htm> [FAQs are also available through this link]
- **Window to apply – Run don't walk.** Beginning on **December 1, 2020** and lasting until January 15, 2021, interested small businesses must submit a reservation request in order to claim any credit.
- **Limited credit is available.** The state will grant these tentative credit reservations on a first-come first-served basis, so it is important to apply as soon as possible. The CDTFA only has the authority to accept \$100 million in tax credit applications.

➤ CREATED BY NEW LEGISLATION

- **SB 1447 (BRADFORD)** Recognized that small businesses provide many of the jobs that are critical to California's recovery and rewards businesses that make new hires by reducing their tax liability to the state. SB 1447 was approved unanimously by the Legislature.

ADDITIONAL RESOURCES

- The California Department of Tax and Fee Association's Customer Service Center: For assistance, call 1-800-400-7115 between 8:00 a.m. to 5:00 p.m. – Monday through Friday
- The Franchise Tax Board (FTB) has information on their website about the use of credit. <https://www.ftb.ca.gov/file/business/credits/small-business-hiring-credit.html>