

2016 Kentucky Small Business Tax Credit: Apply by Nov. 1 to Secure 2016 Credit



ARTICLE 10.24.16 DEAN DORTON

Kentucky small businesses that added employees and equipment or technology in the past 24 months may qualify for a tax credit of up to \$25,000 on their 2016 tax return through the Kentucky Small Business Tax Credit program. The program is available to most for-profit businesses with 50 or fewer full-time employees.

If this is you, read on for more information about this credit.

The credit is calculated as the lesser of :

- \$3,500 per eligible position added, the total dollar amount invest in qualifying equipment or technology, or
- \$25,000 per calendar year.

To qualify for the credit, employers must meet the following qualifications:

- Added at least one eligible position within the past 24 months (see below for the definition of an eligible position)
- Spent at least \$5,000 on qualifying equipment (excluding real property) within six months before or after filling the new position

A new employee meets the *eligible position* requirements if the employee:

- Is subject to Kentucky individual income tax (i.e. Kentucky resident)
- Works an average of 35 hours per week or more for 12 consecutive months
- Is paid an hourly wage of at least \$10.88 per hour (includes wages, tips, bonuses and commissions, but not employee benefits)
- Increases your business's base employment (i.e. did not replace someone who left)
- Is replaced within 45 days if terminated within the 12 consecutive month period

Kentucky has a November 1 deadline for applications in order to be assured you can claim any credit received on your 2016 tax return. If you submit the application after this date, you may not be able to claim the credit until 2017.

[Learn More and Apply](#)

Please contact your Dean Dorton advisor or Mike Harbold at mharbold@deandorton.com for more information.