



City of Monterey Park News Release

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California Offers \$1,000 Credit to Small Businesses

Monterey Park, Calif. - October 8, 2020 - With millions of people out of work in California, Gov. Gavin Newsom recently signed a law giving tax breaks to small businesses that hire more workers over the next two months.

The law, CA Senate Bill 1447, offers businesses with 100 employees or less a credit of \$1,000 on their state tax bills for each new employee hired between July and the end of November 2020. It only applies to businesses that have lost at least half of their revenue from April to June this year compared to the same time period last year. To qualify, a business must show its gross receipts fell 50 percent in the second quarter of 2020 compared to the same quarter in 2019.

The credit is capped at \$100 million statewide or \$100,000 for each business. Businesses get the credit only if they hire employees, not contractors. Small businesses that are owned by large companies are not eligible.

Unlike most tax breaks, businesses can also use the credit to lower the amount of sales taxes they have to send to the state. The business will have five years to use the credit and can apply it to any taxes owed, including sales and use taxes.

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