

Business News & Notes

Taxes Can Dictate Where Companies Locate



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(NAPSA)—Much like with individuals, how much a business pays in taxes depends on where it is located.

That's one reason state and local taxes are important factors when a company is looking to relocate. Businesses need to create a complete cost picture when considering a new location—and taxes are an important part of that picture.

“The big costs are typically wages, power, transportation and training employees. Taxes are a smaller part of the budget but they are a real issue,” said Mark Cowan, who teaches corporate taxation issues at Boise State University in Idaho.

Taxes And The Bottom Line

Profits can be eaten away by variable costs and taxes such as workers' compensation rates, fuel taxes and even individual tax rates that can impact the wages expected in different markets.

A company that trucks most of its raw materials and goods will want to pay attention to fuel taxes; companies that have expensive business property, such as motor vehicles or aircraft, will benefit from a property tax exemption.

Some states have a “business and occupation tax,” meaning that

instead of paying tax on profits, companies pay tax on gross receipts. This means that a company that has experienced an unprofitable year may still end up being taxed. Passing these higher costs on to customers can make a company less competitive.

Other costs to investigate include:

- Unemployment insurance
- Business and occupation tax
- Property tax rate
- Power rates
- Workers' compensation.

More Than The “Quality Of Life”

If Idaho didn't have the right lifestyle elements, semiconductor firm Comtech AHA wouldn't have considered moving there. But a low crime rate, great outdoor recreation and a family-friendly environment made the location attractive. With its lower taxes, the move to Idaho made good business sense as well.

These kinds of factors continue to bring an innovative workforce to this high-quality-lifestyle Northwestern state.

For more information, contact the Idaho Department of Commerce at (800) 842-5858 or go to www.commerce.idaho.gov.