

NIZ Onboarding

— WELCOME TO THE WATERFRONT TEAM!

The Waterfront is a revolutionary new development spanning twenty-nine acres along the western banks of the Lehigh River in Allentown, Pennsylvania. Comprised of five new office buildings, four multifamily apartment buildings, and a range of outdoor recreational amenities, the new lifestyle campus will be the Lehigh Valley's newest destination!

What Is The NIZ?

The Waterfront is made possible through Allentown's special taxing district, the Neighborhood Improvement Zone ("**NIZ**"). The NIZ was drafted in 2009 and voted into state law in 2012; the 30-year program utilizes state and local taxes generated on-site through construction and ongoing operations to incentivize development in the state's third largest city!

The NIZ is a powerful economic driver, and is monitored by several parties, including the Allentown Neighborhood Improvement Zone District Authority (ANIZDA), the City of Allentown, and the Pennsylvania Department of Revenue ("**NIZ Regulatory Agencies**"). Each party has its requirements, and if they are not adhered to, could reduce the effectiveness of this tax program.

Reporting Is As Easy As A-B-C...

The Waterfront has put together a team of specialists ("**NIZ Department**") who remain at your service to help you with reporting. Our collaborative process includes:

01 **Form A: Onboarding Survey**

Once your contract is finalized, you will receive an email from our NIZ Department with a quick survey to collect some relevant information, including your company's legal name, trade name, EIN, contact information, and other general information.

02 **Form B: Monthly Report**

At the end of each month you will receive an email from our NIZ Department with a link to a form to collect relevant data. This ensures all the necessary information is compiled monthly in a quick, easy survey rather than requiring your company to compile extensive data at the end of the year.

03 **Form C: Annual Summary**

All NIZ reporting is due by January 30; to ensure timely submittals, The Waterfront NIZ Department will circulate a final Year-End Report summarizing all monthly data collected over the preceding calendar year. Your Company should review and approve all data. Once complete, you are ready for an easy and streamlined NIZ submission!

Once your Onboarding Survey is completed, our NIZ Department will coordinate a meeting with your team to walk them through the NIZ process. This gives your team the chance to ask any questions up front (don't worry, our team is always available for questions later if they come up!)

What Happens If I Don't Report?

All contractors and subcontractors are required to report by January 30 of every year for the preceding year (for example: 2020 NIZ Reports are due by January 30, 2021). NIZ reporting is required both by the Contractor Agreements related to The Waterfront and the NIZ Regulatory Agencies. By not filing, it is a breach of contract, and could result in a fine equal to the greater of \$1,000.00 or 10% of all eligible state taxes payable by the business for activities in the NIZ during the previous calendar year.

Helpful Information For Reporting

Preparation and organization make this process a breeze! The Waterfront NIZ Department recommends you note the following information (remember: we are here to help you along the way):

- The NIZ Regulatory Agencies require a global perspective of your business, what portion of your business is located within Allentown, and what portion of your business is associated with this specific project. **It is important to remember that every project should be considered a separate job, regardless of your company's other activity in Allentown, the NIZ, or at The Waterfront.**
 - o *Example 01:* If a contractor is working on a project in Center City Allentown and a project at The Waterfront, both projects would be considered a location in the NIZ and would require separate reports.
 - o *Example 02:* If a contractor is working on both 30 E Allen (Residential) and 615 Waterfront (Office) at The Waterfront, both buildings would be considered a location in the NIZ and would require separate reports.
- The NIZ Regulatory Agencies require backup documentation for tax information reported. It is essential to keep copies of:
 - o Executed Contract With Your Respective Contact At The Waterfront
 - o Sales / Use Tax Accrual Records (When Applicable)
 - o Copies Of Invoices Submitted For Payment
 - o Proof Of Payment Of Invoices (Cancelled Checks)
- Keep track of employees who **are** Allentown residents and those who **are not** Allentown residents. Typically, payroll can differentiate these in reports.
- VERY IMPORTANT:** All tax payments should be reported on a **CASH BASIS**.
- Employer Withholding and other payroll taxes are remitted and/or refunded quarterly on Form 941. Since all reporting should be reported on a Cash Basis, taxes paid and refunds received should be reported quarterly (for this reason, Q4 of the previous year should be reported with Q1, Q2, and Q3 of the current year).
 - o *Example 01:* In 2021, contractors file Form 941 for Q4 of 2020 after the first of the year. Additionally, they will file Form 941 for Q1, Q2, and Q3 of 2021. Form 941 for Q4 2021 will not be filed until after January 01, 2022, so this will not be reported in 2021.

Questions, comments, or concerns about the NIZ or NIZ Reporting? Our team of experts is at your service! We are looking forward to working with you!

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