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**U.S. Citizenship
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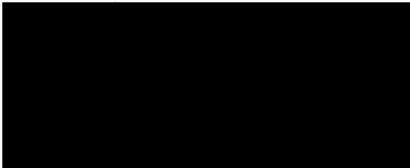
IN RE:

Petitioner:

Beneficiary:

PETITION: Immigrant petition for Alien Worker as a Skilled Worker or Professional pursuant to section 203(b)(3) of the Immigration and Nationality Act, 8 U.S.C. § 1153(b)(3)

ON BEHALF OF PETITIONER:



INSTRUCTIONS:

This is the decision of the Administrative Appeals Office in your case. All documents have been returned to the office that originally decided your case. Any further inquiry must be made to that office.

Robert P. Wiemann, Chief
Administrative Appeals Office

DISCUSSION: The Director, Vermont Service Center, denied the immigrant visa petition. The matter is now before the Administrative Appeals Office (AAO) on appeal. The appeal will be sustained.

The petitioner's business is bagel shop. It seeks to employ the beneficiary permanently in the United States as a baker-second. As required by statute, the petition is accompanied by a Form ETA 750, Application for Alien Employment Certification, approved by the U. S. Department of Labor. The director determined that the petitioner had not established that it had the continuing ability to pay the beneficiary the proffered wage beginning on the priority date of the visa petition. The director denied the petition accordingly.

According to documents found in the record of proceeding, the petitioner originally commenced business in 1976, incorporated in 1992, and, it operates in two locations in New York City, New York. It employs 19 individuals.

Section 203(b)(3)(A)(i) of the Immigration and Nationality Act (the Act), 8 U.S.C. § 1153(b)(3)(A)(i), provides for the granting of preference classification to qualified immigrants who are capable, at the time of petitioning for classification under this paragraph, of performing skilled labor (requiring at least two years training or experience), not of a temporary nature, for which qualified workers are not available in the United States.

The regulation at 8 C.F.R. § 204.5(g)(2) states in pertinent part:

Ability of prospective employer to pay wage. Any petition filed by or for an employment-based immigrant which requires an offer of employment must be accompanied by evidence that the prospective United States employer has the ability to pay the proffered wage. The petitioner must demonstrate this ability at the time the priority date is established and continuing until the beneficiary obtains lawful permanent residence. Evidence of this ability shall be in the form of copies of annual reports, federal tax returns, or audited financial statements.

The regulation at 8 CFR § 204.5(l)(3)(ii) states, in pertinent part:

(A) *General.* Any requirements of training or experience for skilled workers, professionals, or other workers must be supported by letters from trainers or employers giving the name, address, and title of the trainer or employer, and a description of the training received or the experience of the alien.

(B) *Skilled workers.* If the petition is for a skilled worker, the petition must be accompanied by evidence that the alien meets the educational, training or experience, and any other requirements of the individual labor certification, meets the requirements for Schedule A designation, or meets the requirements for the Labor Market Information Pilot Program occupation designation. The minimum requirements for this classification are at least two years of training or experience.

The petitioner must demonstrate the continuing ability to pay the proffered wage beginning on the priority date, which is the date the Form ETA 750 Application for Alien Employment Certification, was accepted for processing by any office within the employment system of the U.S. Department of Labor. The petitioner must also demonstrate that, on the priority date, the beneficiary had the qualifications stated on its Form ETA 750

Application for Alien Employment Certification as certified by the U.S. Department of Labor and submitted with the instant petition. *Matter of Wing's Tea House*, 16 I&N Dec. 158 (Act. Reg. Comm. 1977).

Here, the Form ETA 750 was accepted on April 26, 2001.¹ The proffered wage as stated on the Form ETA 750 is \$35,581.00 per year. The Form ETA 750 states that the position requires two years experience.

On appeal, counsel submits an explanatory letter and additional evidence.

With the petition, counsel submitted copies of the following documents: the original Form ETA 750, Application for Alien Employment Certification, approved by the U.S. Department of Labor; U.S. Internal Revenue Service Form tax returns for 2000; and, copies of documentation concerning the beneficiary's qualifications as well as other documentation.

Because the director determined the evidence submitted with the petition was insufficient to demonstrate the petitioner's continuing ability to pay the proffered wage beginning on the priority date, consistent with 8 C.F.R. § 204.5(g)(2), the director requested on June 18, 2004, pertinent evidence of the petitioner's ability to pay the proffered wage beginning on the priority date.

The director requested evidence in the form of copies of annual reports and the U.S. federal tax return for 2001. The petitioner was requested to provide copies of the beneficiary's W-2 Wage and Tax Statements.

In response to the request for evidence, counsel submitted copies of the following documents: an explanatory cover letter; and, the petitioner's U.S. Internal Revenue Service (IRS) Form 1120 tax returns for years 2001 and 2002.

The director denied the petition on November 1, 2004, finding that the evidence submitted did not establish that the petitioner had the continuing ability to pay the proffered wage beginning on the priority date.

On appeal, counsel asserts that the events of September 11, 2001 terrorist attacks impacted the petitioner's restaurant business, and impacted its profitability, but that the tax returns and other documents in evidence demonstrate the business' recovery and return to profitability.

Counsel has submitted the following documents to accompany the appeal statement: a letter from petitioner's accountant; the petitioner's U.S. Internal Revenue Service (IRS) Form 1120 tax returns for years 2000, 2001, 2002 and 2003; and, a personal tax return and bank statement.

In determining the petitioner's ability to pay the proffered wage during a given period, U.S. Citizenship and Immigration Services (CIS) will first examine whether the petitioner employed and paid the beneficiary during that period. If the petitioner establishes by documentary evidence that it employed the beneficiary at a salary equal to or greater than the proffered wage, the evidence will be considered *prima facie* proof of the

¹ It has been approximately five years since the Alien Employment Application has been accepted and the proffered wage established. According to the employer certification that is part of the application, ETA Form 750 Part A, Section 23 b., states "The wage offered equals or exceeds the prevailing wage and I [the employer] guarantee that, if a labor certification is granted, the wage paid to the alien when the alien begins work will equal or exceed the prevailing wage which is applicable at the time the alien begins work."

petitioner's ability to pay the proffered wage. No evidence was submitted to show that the petitioner employed the beneficiary.

Alternatively, in determining the petitioner's ability to pay the proffered wage, CIS will examine the net income figure reflected on the petitioner's federal income tax return, without consideration of depreciation or other expenses. Reliance on federal income tax returns as a basis for determining a petitioner's ability to pay the proffered wage is well established by judicial precedent. *Elatos Restaurant Corp. v. Sava*, 632 F.Supp. 1049, 1054 (S.D.N.Y. 1986) (citing *Tongatapu Woodcraft Hawaii, Ltd. v. Feldman*, 736 F.2d 1305, (9th Cir. 1984)); *see also Chi-Feng Chang v. Thornburgh*, 719 F.Supp. 532 (N.D. Texas 1989); *K.C.P. Food Co., Inc. v. Sava*, 623 F.Supp. 1080 (S.D.N.Y. 1985); *Ubeda v. Palmer*, 539 F.Supp. 647 (N.D. Ill. 1982), *aff'd*, 703 F.2d 571 (7th Cir. 1983). In *K.C.P. Food Co., Inc. v. Sava*, the court held that the Service had properly relied on the petitioner's net income figure, as stated on the petitioner's corporate income tax returns, rather than the petitioner's gross income. *Supra* at 1084. The court specifically rejected the argument that CIS should have considered income before expenses were paid rather than net income. Finally, no precedent exists that would allow the petitioner to "add back to net cash the depreciation expense charged for the year." *Chi-Feng Chang v. Thornburgh, Supra* at 537. *See also Elatos Restaurant Corp. v. Sava, Supra* at 1054.

The tax returns² demonstrated the following financial information concerning the petitioner's ability to pay the proffered wage of \$35,581.00 per year from the priority date of April 26, 2001:

- In 2001, the Form 1120 stated taxable income of \$4,621.00.
- In 2002, the Form 1120 stated taxable income of \$39,972.00.
- In 2003, the Form 1120 stated taxable income of <\$7,198.00>³.

In 2002, the petitioner could pay the proffered wage from taxable income.

The petitioner's net current assets can be considered in the determination of the ability to pay the proffered wage especially when there is a failure of the petitioner to demonstrate that it has taxable income to pay the proffered wage

The petitioner's net current assets can be considered in the determination of the ability to pay the proffered wage especially when there is a failure of the petitioner to demonstrate that it has taxable income to pay the proffered wage. In the subject case, as set forth above, the petitioner did not have taxable income sufficient to pay the proffered wage at any time for the years 2001 and 2003 for which the petitioner's tax returns are offered for evidence.

CIS will consider *net current assets* as an alternative method of demonstrating the ability to pay the proffered wage. Net current assets are the difference between the petitioner's current assets and current liabilities.⁴ A

² Tax returns submitted for years prior to the priority date, have little probative value to show the ability to pay the proffered wage but they do have historical financial value. In 2000, the Form 1120 stated taxable income of \$165,367.00, and evidenced current net assets of \$119,177.00.

³ The symbols <a number> indicate a negative number, or in the context of a tax return or other financial statement, a loss, that is below zero.

⁴ According to *Barron's Dictionary of Accounting Terms* 117 (3rd ed. 2000), "current assets" consist of items having (in most cases) a life of one year or less, such as cash, marketable securities, inventory and prepaid expenses. "Current liabilities" are obligations payable (in most cases) within one year, such as accounts

corporation's year-end current assets are shown on Schedule L, lines 1 through 6. That schedule is included with, as in this instance, the petitioner's filing of Form 1120 federal tax return. The petitioner's year-end current liabilities are shown on lines 16 through 18. If a corporation's end-of-year net current assets are equal to or greater than the proffered wage, the petitioner is expected to be able to pay the proffered wage.

Examining the Form 1120 U.S. Income Tax Returns submitted by the petitioner, Schedule L found in each of those returns indicates the following:

- In 2001, petitioner's Form 1120 return stated current assets of \$257,424.00 and \$306,046.00 in current liabilities. Therefore, the petitioner had <\$48,622.00> in net current assets. Since the proffered wage is \$35,581.00 per year, this sum is less than the proffered wage.
- In 2002, petitioner's Form 1120 return stated current assets of \$734,784.00 and \$322,588.00 in current liabilities. Therefore, the petitioner had \$412,196.00 in net current assets. Since the proffered wage is \$35,581.00 per year, this sum is more than the proffered wage.
- In 2003, petitioner's Form 1120 return stated current assets of \$569,098.00 and \$149,013.00 in current liabilities. Therefore, the petitioner had \$420,085.00 in net current assets. Since the proffered wage is \$35,581.00 per year, this sum is more than the proffered wage.

Therefore, for year 2001, the petitioner had not established that it had the ability to pay the beneficiary the proffered wage at the time of filing through an examination of its net current assets.

Counsel asserts in his explanatory statement accompanying the appeal that there are other ways to determine the petitioner's ability to pay the proffered wage from the priority date. According to regulation,⁵ copies of annual reports, federal tax returns, or audited financial statements are the means by which petitioner's ability to pay is determined.

Counsel asserts that the events of September 11, 2001 terrorist attacks impacted the petitioner's restaurant business, and impacted its profitability, but that the tax returns and other documents in evidence demonstrate the business' recovery and return to profitability.

In the totality of all the evidence submitted in this case, there is evidence to demonstrate that the petitioner's business was in a profitable period in 2000,⁶ 2002 and 2003. For the years 2001 through 2003, the taxable income for the petitioner was uneven. In 2001, the Form 1120 stated taxable income of \$4,621.00; in 2002, \$39,972.00; and, in 2003, <\$7,198.00>. Prior to the events of September 11, 2001, the petitioner's taxable income was \$165,367.00 giving credence to counsel assertion that was a causal connection between the attacks on New York City and the petitioner's business fortunes as petitioner's accountant contends.

payable, short-term notes payable, and accrued expenses (such as taxes and salaries). *Id.* at 118.

⁵ 8 C.F.R. § 204.5(g)(2).

⁶ The AAO and CIS will review any evidence that a petitioner desires to submit to prove the ability to pay although its admission and probative weight are determined by case precedent and pertinent regulation on a case by case basis. In this particular instance, the 2000 tax return may be reviewed for what evidence it may present concerning the economic viability of the business.

The net current asset value for those years was positive after September 11, 2001, <\$48,622.00> in 2001, then, it jumped to \$412,196.00 and \$420,085.00 in net current assets for years 2002 and 2003 respectively. Again, prior to the events of September 11, 2001, the petitioner's net current assets was \$119,177.00 giving credence to counsel assertion that was a causal connection between the attacks on New York City and the petitioner's business.

Counsel has forthrightly provided the director all the necessary income and asset information requested to make the above determination.

Matter of Sonogawa, 12 I&N Dec. 612 (BIA 1967), relates to petitions filed during uncharacteristically unprofitable or difficult years but only in a framework of profitable or successful years. The petitioning entity in *Sonogawa* had been in business for over 11 years and routinely earned a gross annual income of about \$100,000. During the year in which the petition was filed in that case, the petitioner changed business locations and paid rent on both the old and new locations for five months. There were large moving costs and also a period of time when the petitioner was unable to do regular business. The Regional Commissioner determined that the petitioner's prospects for a resumption of successful business operations were well established. The petitioner was a fashion designer whose work had been featured in *Time* and *Look* magazines. Her clients included Miss Universe, movie actresses, and society matrons. The petitioner's clients had been included in the lists of the best-dressed California women. The petitioner lectured on fashion design at design and fashion shows throughout the United States and at colleges and universities in California. The Regional Commissioner's determination in *Sonogawa* was based in part on the petitioner's sound business reputation and outstanding reputation as a couturiere.

Unusual and unique circumstances have been shown to exist in this case to parallel those in *Sonogawa*, to establish that the period examined was an uncharacteristically unprofitable period for the petitioner. In 2002, the petitioner had sufficient taxable income and net current assets to pay the proffered wage of \$35,581.00 per year. In 2003, net current assets were evident in the amount of \$420,085.00 demonstrating liquidity of approximately 12 times the proffered wage. There is evidence submitted in the case to indicate that the results stated in tax year 2001 was an aberration in the petitioner's financial standing over a five-year period for which evidence was submitted. By the evidence presented, the petitioner has proven its ability to pay the proffered wage.

The evidence submitted does establish that the petitioner had the continuing ability to pay the proffered wage beginning on the priority date.

The petitioner has not demonstrated its ability to pay the proffered wage from the day the Form ETA 750 was accepted for processing by any office within the employment system of the Department of Labor.

The burden of proof in these proceedings rests solely with the petitioner. Section 291 of the Act, 8 U.S.C. § 1361. The petitioner has met that burden.

ORDER: The appeal is sustained.