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U.S. Citizenship
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Services

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FILE: [redacted] Office: VERMONT SERVICE CENTER
EAC 03 195 50340

Date: OCT 19 2006

IN RE: Petitioner: [redacted]

Beneficiary: [redacted]

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 service center director denied the employment-based visa petition, and the matter is now before the Administrative Appeals Office (AAO) on appeal. The appeal will be dismissed.

The petitioner is a residential and industrial floor construction company. It seeks to employ the beneficiary permanently in the United States as an industrial designer. As required by statute, a Form ETA 750, Application for Alien Employment Certification approved by the Department of Labor, accompanied the petition. The director determined that the petitioner, which is listed on the ETA 750 as three corporations, 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 and denied the petition accordingly.

On appeal, counsel states that the petitioner does have the ability to pay the proffered wage. Counsel submits no further documentation.

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.

Section 203(b)(3)(A)(ii) of the Immigration and Nationality Act (the Act), 8 U.S.C. § 1153(b)(3)(A)(ii), provides for the granting of preference classification to qualified immigrants who hold baccalaureate degrees and are members of the professions.

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 petitioner must demonstrate the continuing ability to pay the proffered wage beginning on the priority date, the day the Form ETA 750 was accepted for processing by any office within the employment system of the Department of Labor. *See* 8 CFR § 204.5(d). Here, the Form ETA 750 was accepted for processing on July 22, 2002. The proffered wage as stated on the Form ETA 750 is an hourly salary of \$22.14 for a 40 hour workweek, or an annual salary of \$46,051.20. On the Form ETA 750B, signed by the beneficiary, the beneficiary did not claim to have worked for the petitioner.

On the petition, the petitioner claimed to have been established in 1995, to have five employees, a gross annual income of \$500,000 and a net annual income of \$30,000. The petitioner submitted no further documentation on the petitioner's ability to pay the proffered wage or the beneficiary's qualifications for the proffered position.

Because the director deemed the evidence submitted insufficient to demonstrate the petitioner's continuing ability to pay the proffered wage beginning on the priority date, or the beneficiary's qualifications, on July 28, 2003, the director requested additional evidence. The director specifically requested that the petitioner provide additional evidence of its ability to pay the proffered weekly wage of \$885.60 as of July 22, 2002, the priority date. The director stated that the petitioner could submit any of the following types of evidence: The petitioner's 2002 Federal income tax return, with all schedules and attachments; copies of the beneficiary's W-2 forms if the petitioner had employed him; a statement from a financial officer of the company if the petitioner had 100 or more workers; or the petitioner's annual report for 2002, accompanied by audited or reviewed financial statements. The director stated that additional evidence such as accredited profit/loss statements, bank account records, or personnel records might be considered but only as supplementary evidence to establish the petitioner's ability to pay. The director also noted that no evidence of the beneficiary's prior work experience was found in the record, and requested that the petitioner submit additional documentation to establish that the beneficiary possessed the required two years of job related experience as of July 22, 2002. The director stated that such evidence should be in the form of a letter from a current or former employer and should include the name, address, and title of the writer and a specific description of the duties performed by the beneficiary or of the training received. If such evidence was shown to be unavailable, the director stated that other documentation would be considered.

In response, counsel submitted IRS Form 1120S for [REDACTED], for the tax year 2001, as well as a W-3 Form and bank statements for [REDACTED]. Counsel also submitted a 2001 W-3 Form that indicated [REDACTED] paid wages of \$41,500 in 2001. The petitioner's Form 1120S indicated that the petitioner had an ordinary income of -\$675 in 2001. Counsel submitted IRS Form 1120S for [REDACTED], for tax year 2002, that indicated a net income of -\$16. Counsel also submitted Mellon Bank PSFS account statements for the petitioner (identified as [REDACTED], Pennsylvania) for November and October 2001. With regard to tax year 2002, counsel submitted a Form 1120S for [REDACTED] that indicated the petitioner had ordinary income of -\$16 in 2002. In addition, the petitioner submitted a W-3 statement for [REDACTED] for 2002 that indicated the petitioner paid \$19,002 in wages. The petitioner also submitted Mellon Bank PSFS statements for [REDACTED] for two different bank accounts for May, and August 2002. These two accounts are [REDACTED] and [REDACTED]. The petitioner also submitted a bank statement for a third account, [REDACTED], for June 2002. Counsel also submitted bank statements for [REDACTED], for new accounts with Citizens Bank Acct: [REDACTED] and [REDACTED], as of August 2002.²

With regard to the other corporations identified on the ETA 750 as businesses the petitioner was doing business as, counsel submitted a 2002 Form [REDACTED] Langhorne, Pennsylvania.³ This document indicated an ordinary income of \$4,020 during 2002. Counsel also submitted bank statements from Commerce Bank for the second company listed as the petitioner, namely, [REDACTED] for the months May, June, and July 2003. In addition, counsel submitted a Mellon PSFS bank

¹ The federal employer identification number for [REDACTED] is noted as [REDACTED]

² Based on documentation in the record, the petitioner appears to have transferred his accounts from Mellon Bank to Citizens Bank in August 2002.

³ The federal employer identification number for Barefoot Floors, Inc. is noted on the Form 1120S as [REDACTED]

statement for S [REDACTED] dated May 2002 (account number [REDACTED], and a W-3 Form for tax year 2002 that indicated S [REDACTED] paid \$23,083 in wages that year.

Counsel also submitted a letter from [REDACTED] dated October 10, 2003, in which Mr. [REDACTED] identified himself as the petitioner's owner. In this letter, Mr. [REDACTED] stated that as of April 20, 2001, he had over \$38,438 in his bank account that was available as of April 20, 2001 to pay the beneficiary's salary. Mr. [REDACTED] stated that by filing his letter, he was assuming personal responsibility for the payment of the beneficiary's salary. Counsel also submitted a letter written by J [REDACTED], Financial Center Manager, Wachovia Bank, Rosemont, Pennsylvania. This letter stated that Mr. [REDACTED] had an account with Wachovia Bank since 2000, and that the available balance in his account as of April 20, 2001 was \$53,790, and that as of September 9, 2003, the available balance was \$60,137. The final document submitted by counsel is a letter dated January 21, 2002 and written by [REDACTED], General Director, Consan. In his letter, Mr. [REDACTED] stated that the beneficiary had worked as a floor specialist, 4th Category for a joint stock company from February 6, 1995 to May 29, 1998.⁴

In his cover letter, counsel stated that despite a net income in 2001 of -\$675, the petitioner had over \$49,000 invested in 2001 as a loan from shareholders, and this money was available to pay the beneficiary's salary. In addition, counsel stated that the \$41,500 paid to the petitioner's officer was also available to pay the beneficiary's salary. Counsel also stated that the [REDACTED] 2001 bank statements indicated that over \$17,000 was available monthly on the average which was in excess of the beneficiary's proffered monthly salary of \$3,203.16. Therefore, counsel stated the petitioner established its ability to pay the beneficiary's proffered wage as of 2001.

Counsel further stated that in 2002, the petitioner continued doing business as [REDACTED] and as [REDACTED]. Counsel stated that despite having only \$4,000 in net income in 2002, the companies still demonstrated their ability to pay the beneficiary's weekly salary of \$885.60 per week. Counsel stated that cash available at the end of 2002 at [REDACTED] was \$24,173, while cash available at [REDACTED] at the end of 2002 was over \$3,559. Counsel noted that this combined available cash meant \$31,500 was available to pay the beneficiary salary at the end of 2002. Counsel also noted that the company officers continued to perform the duties to be delegated to the beneficiary, and were compensated at the rate of \$23,000 a year at Barefoot Floors and \$19,000 at [REDACTED]. Counsel notes that these wages made another \$42,000 available to pay the beneficiary's salary. Counsel also noted that the companies' 2002 bank statements confirmed that the petitioner's available balance was well in excess of the beneficiary's proffered weekly salary of \$885. Counsel concluded that the petitioner's personal funds, the petitioner's bank statements of the petitioner, and the W-3 forms that document wages paid all establish the petitioner's ability to pay the proffered wage.

Counsel stated that in response to the director's request for documentation that the beneficiary had the requisite two years of work experience as a sales manager, it submitted the letter from his previous employer in Moldova.

⁴ Although the translated version of the employment verification letter does not indicate it, the original letter indicated the beneficiary's previous employer was located in Chisinau, Moldova.

On December 1, 2003, the director issued a second request for further evidence. In his request, the director stated that further review of the evidence showed that [REDACTED] is the petitioner according to the Department of Labor, and that the evidence submitted previously did not establish the ability of [REDACTED], to pay the proffered wage. The director requested that the petitioner submit [REDACTED] 2002 Federal income tax return with all schedules and attachments. The director further stated that if the beneficiary had ever been employed By SDS, Inc., to submit the beneficiary's W-2 forms. The director also stated that the petitioner could submit annual reports for 2002 accompanied by audited or reviewed financial statements, and noted that a corporation is a separate and distinct legal entity from its owners or stockholders. The director stated that consequently, any assets of it shareholder or of other enterprises or corporations cannot be considered in determining the petitioner's corporation's ability to pay the proffered wage.

In response, counsel submitted a 2002 Form 1120S for [REDACTED], that reflected a net income of \$4,020. This document indicates a federal employer identification number (EIN) of 23-2845673. Counsel also submitted a form generated by the Pennsylvania Department of State Corporation Bureau and dated as received by the Pennsylvania office on September 27, 2002. The document is entitled "Articles of Amendment-Domestic Corporation." In the document, Software [REDACTED], at [REDACTED] Pennsylvania indicates that it wishes to change its name to [REDACTED]. The document further indicates that the amendment was adopted by shareholders or members. The document is signed by [REDACTED]⁵ and dated September 23, 2002. Counsel also submitted an IRS notification of change of address for dated July 1, 1996 for [REDACTED]. The change of address is from [REDACTED], Philadelphia, Pennsylvania to [REDACTED] Yardley, Pennsylvania. The IRS document identifies Software Design Services' taxpayer identification number as 23-2845673. Counsel also submitted a new letter from Mr. [REDACTED] undated, that stated he had over \$50,000 in personal funds that he was willing to use to pay the beneficiary's salary. Counsel resubmitted Mr. [REDACTED] letter that affirmed the petitioner's owner's balance of \$53,790 as of April 20, 2001.

Counsel stated that in 2002, the petitioner had sufficient ability to pay the beneficiary's proffered wage of \$46,051.20, based on its available cash of \$24,173, loans from shareholder of \$19,242, and retained earnings of \$4,020, that combined totaled \$51,455. Counsel also referenced the state of Pennsylvania Department of State document and stated that this confirmed that [REDACTED] is actually doing business as [REDACTED]. [REDACTED] stated that [REDACTED] did not file a separate tax return.

On April 16, 2004, the director denied the petition. The director stated the petitioner offered the beneficiary a salary of \$885.60, for an annual salary of \$46,051.20. The director stated that the ETA 750 listed the three corporations as the petitioner, and stated that the financial assets for all three corporations could not be considered when determining the petitioner's ability to pay the proffered page. The director stated that a corporation is a separate and distinct legal entity from its shareholders, and that any assets of its shareholders or other enterprises or corporation could not be considered in determining the petitioning corporation's ability to pay the proffered wage. The director then considered the ability of each corporation listed on the labor certification to individually pay the proffered wage.

⁵ [REDACTED] and [REDACTED] appear to be the same person.

With regard to [REDACTED] the director stated the 2001 tax return showed a net loss of \$675 and current assets of \$4,650 over current liabilities, while the 2002 tax return showed a net loss of \$16 and current net assets of \$6,400. With regard to the bank statements submitted for [REDACTED] the director stated that the statements did not meet one of two criteria for such evidence. The director described the two criteria as either the petitioner's year-end balances were greater to or equal to the amount of the proffered wage, or the petitioner's monthly bank statement had to increase incrementally with the amount of funds necessary to meet the proffered monthly wage. Finally the director examined the W-3 forms submitted for [REDACTED] for 2001 and 2001. While the director identified the wages paid out by [REDACTED] during these two years, he made no further comment as to the weight to give these documents in evaluating [REDACTED] ability to pay the proffered wage.

With regard to the second company listed on the ETA 750, namely [REDACTED] the director stated that the bank statements for May, July, and August did not meet either of the criteria addressed in the director's examination of [REDACTED] bank statements. The director identified the net income and current assets of the company for 2002 as \$4,020 and \$23,362. Although the director did not specifically determine whether the corporation's net income or net current assets were sufficient to pay the proffered wage of \$38,848, he did determine that based on the evidence submitted, [REDACTED] did not have the ability to pay the proffered wage.

With regard to [REDACTED], the third company identified as the petitioner on Form ETA 750, the director also determined that the bank statements submitted for this company did not establish its ability to pay the proffered wage. The director also examined the issue of officers' compensation being utilized to pay the beneficiary's salary. The director determined that the compensation of officers represented monies already expended by the corporation and therefore this expense could not be considered to be readily available funds with which to pay the proffered wage. The director also determined that Mr. [REDACTED] statement as to his willingness to pay the proffered wages from his personal assets did not establish the petitioner's ability to pay the proffered wage as the petitioner, as a corporation is a separate and distinct legal entity from its shareholders. The director reiterated that any assets of shareholder or of other enterprises or corporation could not be considered in determining the petitioner's ability to pay the proffered wage.

In addition, the director noted other unresolved issues prompted by the evidence submitted to the record. First, the petitioner noted the petitioner submitted evidence that [REDACTED] changed its name to [REDACTED]. The director stated further evidence was needed to establish that [REDACTED] a software design company, became [REDACTED] a flooring company. In addition, the director noted that [REDACTED] was listed as 33 per cent owner on [REDACTED] 2001 tax return while [REDACTED] was listed as 100 per cent owner on [REDACTED] 2002 tax return. If, as the tax returns suggest, [REDACTED] was sold, the director stated that the petitioner had to explain how the tax returns of [REDACTED] could establish the petitioner's ability to pay. Finally the director stated that the petitioner had two I-140 petitions pending at the Vermont Service Center, and that the evidence submitted to the record did not warrant the approval of either petition.

On appeal, counsel states that the director requested evidence that the petitioner had the ability to pay the proffered salary of \$885.60 per week or \$46,051.20 annually as of July 22, 2002. Counsel states, that in reference to the financial assets of [REDACTED] the corporation can pay the proffered wage by combining cash available at the end of the year in the amount of \$24,173, loans from the shareholders in the amount of \$19,242, and retained earnings in the amount of \$4,020. Based on this combination of funds, counsel states that at least \$51,455 was available in 2002 to pay the proffered salary. Counsel also asserts that documentation from the Pennsylvania Department of State Corporation Bureau was submitted that confirmed Barefoot Floors, Inc is actually doing business as [REDACTED]. Counsel states that [REDACTED] did not file separate tax returns, and that the [REDACTED] correspondence for the IRS indicates its FEIN number of [REDACTED] is the same number that appears on [REDACTED] 2002 federal corporate income tax return. Counsel also stated that the owner of [REDACTED] assumed personal responsibility to use his personal funds to pay the beneficiary's salary if necessary, and that the owner's bank statement balances indicated that funds greater than the proffered wage were available to pay the wage.

Counsel concludes the brief by stating that the combined available funds of \$51,455 in the company assets, and the petitioner's owner's personal assets of over \$50,000 from 2002 to 2003, clearly demonstrated the petitioner's ability to pay the proffered wage of \$46,051 as of July 28, 2002.

With the original petition, counsel submitted an IRS Form 1120S for [REDACTED] for tax year 2001. However, since the priority date for the instant petition is July 28, 2002, the petitioner's income tax return for tax year 2001 is not dispositive as to the petitioner's ability to pay the proffered wage. However, it will be reviewed further in these proceedings to clarify the identity of the actual petitioner, and the relationship between [REDACTED] and the other two companies.

It is noted that based on the documentation from the Pennsylvania Department of State Corporation Bureau submitted to the record, [REDACTED] changed its name to [REDACTED]. Based on the employer identification numbers (EIN), [REDACTED] and [REDACTED], the second and third companies listed on the Form ETA 750 as businesses the petitioner was doing business as, appear to be the same company. Their joint EIN is [REDACTED]. However, as established by its 2001 Form 1120S and 2001 W-3 Form, [REDACTED] appears to have a distinct EIN from either [REDACTED], or [REDACTED] is [REDACTED].

In response to the director's request for further evidence, counsel also raised the issue of officer compensation and how such compensation could be viewed used as available funds to pay the beneficiary. However, compensation of officers is more routinely considered a possible source of additional funds, if the record substantively establishes that the officer who is compensated is the sole officer or the majority shareholder, that varying compensation for officers is discretionary, that the compensation is not provided in lieu of wages, that are not discretionary, and that compensation is substantially greater than the proffered wage.

In the instant petition, the [REDACTED] federal income tax return for 2001 indicates three owners who each have a 33 percent interest in the petitioner. These individuals are identified as [REDACTED] and [REDACTED]. Although the return shows \$41,500 in officer compensation, no other documentation is found that

identifies the officers of the corporation and if the documented officer compensation was distributed among all three shareholders.⁶ In 2002, [REDACTED], indicated in its Form 1120S that it paid \$19,002 in officer compensation. However, as noted below, the ownership interests in [REDACTED] changed in 2002, and it is not clear that the 2001 owners such as Mr. [REDACTED] could declare any officer compensation provided in 2002 as discretionary and available to pay the proffered wage.

The director in his decision stated that the tax returns of [REDACTED] suggested that the business had been sold. The Forms 1120S submitted by the petitioner for [REDACTED] and Barefoot Floors, Inc. do indicate a change in the ownership interests of Mr. [REDACTED]. In 2001, Mr. [REDACTED] had a 33 percent stock ownership in [REDACTED]. In 2002, based on the 2002 federal income tax returns submitted by the petitioner, Mr. [REDACTED] owned 100 percent of [REDACTED] while Mr. [REDACTED] owned 100 per cent of [REDACTED] Inc. As stated previously, the relationship between [REDACTED] and [REDACTED] is not clearly established in the record. They presently appear to be two distinct corporations. If [REDACTED], as suggested by the director, was sold, this would raise the questions of whether the new corporation or remaining corporation was a successor-in-interest to the original petitioner, and subject to the regulatory criteria applied to successors-in-interest with regard to the ability to pay the proffered wage. It is also noted that the Department of Labor in its final determination on the ETA 750 addressed the petitioner as S [REDACTED].

With regard to the use of [REDACTED] personal assets to pay the proffered wage, the director noted that these funds would not be available to pay the proffered wage. The director's comment is well founded. While a sole proprietorship business structure does allow for the use of the owner's assets to pay the expenses of the business, that could include wages, the S corporation structure of the petitioner in the instant petition does not allow for such an action. Contrary to counsel's assertion, Citizenship and Immigration Services (CIS) may not "pierce the corporate veil" and look to the assets of the corporation's owner to satisfy the corporation's ability to pay the proffered wage. It is an elementary rule that a corporation is a separate and distinct legal entity from its owners and shareholders. See *Matter of M*, 8 I&N Dec. 24 (BIA 1958), *Matter of Aphrodite Investments, Ltd.*, 17 I&N Dec. 530 (Comm. 1980), and *Matter of Tessel*, 17 I&N Dec. 631 (Act. Assoc. Comm. 1980). Consequently, assets of its shareholders or of other enterprises or corporations cannot be considered in determining the petitioning corporation's ability to pay the proffered wage.

In its response to the director's request for further evidence, counsel recommends the use of retained earnings to pay the proffered wage. Retained earnings are the total of a company's net earnings since its inception, minus any payments to its stockholders. That is, this year's retained earnings are last year's retained earnings plus this year's net income. Adding retained earnings to net income and/or net current assets is therefore duplicative. Therefore, CIS looks at each particular year's net income, rather than the cumulative total of the previous years' net incomes represented by the line item of retained earnings.

Further, even if considered separately from net income and net current assets, retained earnings might not be included appropriately in the calculation of the petitioner's continuing ability to pay the proffered wage because retained earnings do not necessarily represent funds available for use. Retained earnings can be either appropriated or unappropriated. Appropriated retained earnings are set aside for specific uses, such as reinvestment or asset acquisition, and as such, are not available for shareholder dividends or other uses. Unappropriated retained earnings may represent cash or non-cash and current or non-current assets. The

⁶ According to this tax return, Mr. Klebanov owned 100 per cent of [REDACTED] in 2002.

record does not demonstrate that the petitioner's retained earnings are unappropriated and are cash or current assets that would be available to pay the proffered wage.

Counsel also stated that a loan from the shareholders be considered as available additional funds to pay the beneficiary's wage; however, as will be shown further in these proceedings, loans from shareholders are not considered as part of the petitioner's net income, after expenses are paid, and, in fact, are identified as long term rather than current liabilities on Schedule L of the Form 1120S. As a long-term liability, such loans would not be considered when calculating the petitioner's net current assets.

Finally, both the director's and counsel's reliance on the balances in the petitioner's bank accounts is misplaced. First, bank statements are not among the three types of evidence, enumerated in 8 C.F.R. § 204.5(g)(2), required to illustrate a petitioner's ability to pay a proffered wage. While this regulation allows additional material "in appropriate cases," the petitioner in this case has not demonstrated why the documentation specified at 8 C.F.R. § 204.5(g)(2) is inapplicable or otherwise paints an inaccurate financial picture of the petitioner. Second, bank statements show the amount in an account on a given date, and cannot show the sustainable ability to pay a proffered wage. For example, counsel submitted some bank statements from 2001 for [REDACTED] and other statements from other months in 2002. Counsel also submitted bank statements for specific months in 2003 for [REDACTED] another corporation under which the petitioner claims to be doing business. None of these statements provide further evidence of the petitioner's sustainable ability to pay the proffered wage. They only provide information on ending balances for several months. Third, no evidence was submitted to demonstrate that the funds reported on the petitioner's bank statements somehow reflect additional available funds that were not reflected on its tax return, such as the cash specified on Schedule L that would be considered in determining the petitioner's net current assets.

Upon review of the record, without more persuasive evidence, at the time of filing, the petitioner appears to be [REDACTED]. For purposes of examining the petitioner's net income and net current assets, the AAO will only consider the federal income tax returns of [REDACTED], in these proceedings.

In determining the petitioner's ability to pay the proffered wage during a given period, 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 petitioner's ability to pay the proffered wage. In the instant case, the petitioner did not establish that it employed and paid the beneficiary the full proffered wage in 2001 and onward.

If the petitioner does not establish that it employed and paid the beneficiary an amount at least equal to the proffered wage during that period, CIS will next 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). Showing that the petitioner's gross receipts exceeded the proffered wage is insufficient. Similarly, showing that the petitioner paid wages in excess of the proffered wage is insufficient. In *K.C.P. Food Co., Inc. v.*

Sava, 623 F. Supp. at 1084, the court held that the Immigration and Naturalization Service, now CIS, 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. The court specifically rejected the argument that the Service should have considered income before expenses were paid rather than net income.

The evidence indicates that the petitioner is structured as an S corporation. For an S corporation, CIS considers net income to be the figure shown on line 21, ordinary income, of the IRS Form 1120S. The petitioner submitted income tax returns for [REDACTED] for tax years 2001 and 2002. Since the priority date year for the instant petition is 2002, the AAO does not view the petitioner's tax information for 2001 to be dispositive in these proceedings. Therefore the AAO will only examine the petitioner's 2002 income tax return. The petitioner's tax return for 2002 shows the following amount of ordinary income: -\$16. This figure is not sufficient to pay the proffered wage.

Nevertheless, the petitioner's net income is not the only statistic that can be used to demonstrate a petitioner's ability to pay a proffered wage. If the net income the petitioner demonstrates it had available during that period, if any, added to the wages paid to the beneficiary during the period, if any, do not equal the amount of the proffered wage or more, CIS will review the petitioner's assets. The petitioner's total assets include depreciable assets that the petitioner uses in its business. Those depreciable assets will not be converted to cash during the ordinary course of business and will not, therefore, become funds available to pay the proffered wage. Further, the petitioner's total assets must be balanced by the petitioner's liabilities. Otherwise, they cannot properly be considered in the determination of the petitioner's ability to pay the proffered wage. Rather, 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.⁷ A corporation's year-end current assets are shown on Schedule L, lines 1 through 6. Its 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 out of those net current assets. The petitioner submitted the following information for tax year 2002:

	2002
Ordinary Income	\$ -16
Current Assets	\$ 6,400
Current Liabilities	\$ 0
Net current assets	\$ 6,400

These figures fail to establish the ability of the petitioner to pay the proffered wage. The petitioner has not demonstrated that it paid the full proffered wage to the beneficiary. In 2002, the petitioner shows a net income of -\$16, and net current assets of \$6,400, and has not, therefore, demonstrated the ability to pay the proffered

⁷ 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 accounts payable, short-term notes payable, and accrued expenses (such as taxes and salaries). *Id.* at 118.

wage of \$38,438.40 out of its net income or net current assets. The petitioner has not demonstrated that it paid the full proffered wage to the beneficiary in 2003, nor has it submitted its 2003 federal income tax return to the record for further consideration of the petitioner's net income or net current assets in 2003. Therefore the petitioner cannot demonstrate its ability to pay the proffered wage of \$38,438.40 out of its net income or net current assets in 2003. As noted previously, the assets of the shareholders, loans from shareholders, retained earnings, bank balances for any of the three corporations named on the Form ETA 750, assets of other corporations, or the personal assets of an individual who as of 2002 has no ownership interest in the petitioner, are not viewed as corporate assets. Therefore, the petitioner has not demonstrated that any other funds were available to pay the proffered wage. The petitioner has not, therefore, shown the ability to pay the proffered wage during the salient portion of 2002 and continuing to the present date.

The petition will be denied for the above stated reasons, with each considered as an independent and alternative basis for denial. In visa petition proceedings, the burden of proving eligibility for the benefit sought remains entirely with the petitioner. Section 291 of the Act, 8 U.S.C. § 1361. Here, that burden has not been met.

ORDER: The appeal is dismissed.