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U.S. Citizenship
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FILE: EAC 04 065 50413 Office: VERMONT SERVICE CENTER Date: SEP 29 2006

IN RE: Petitioner:
Beneficiary:



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

ON BEHALF OF PETITIONER: SELF-REPRESENTED

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 preference visa petition was denied by the Director, Vermont Service Center, and is now before the Administrative Appeals Office (AAO) on appeal. The appeal will be dismissed.

The petitioner is a barber shop/hair design specialist business. It seeks to employ the beneficiary permanently in the United States as a barber. 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 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 record shows that the appeal is properly filed, timely and makes a specific allegation of error in law or fact. The procedural history in this case is documented by the record and incorporated into this decision. Further elaboration of the procedural history will be made only as necessary.

As set forth in the director's original January 21, 2005 denial, the single issue in this case is whether or not the petitioner has the ability to pay the proffered wage as of the priority date and continuing until the beneficiary obtains lawful permanent residence.

Section 203(b)(3)(A)(i) of 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 or seasonal 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. In a case where the prospective United States employer employs 100 or more workers, the director may accept a statement from a financial officer of the organization which establishes the prospective employer's ability to pay the proffered wage. In appropriate cases, additional evidence, such as profit/loss statements, bank account records, or personnel records, may be submitted by the petitioner or requested by [Citizenship and Immigration Services (CIS)].

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 was accepted for processing by any office within the employment system of the Department of Labor. See 8 CFR § 204.5(d). The priority date in the instant petition is April 25, 2001. The proffered wage as stated on the Form ETA 750 is \$600 per week or \$31,200 annually.

The AAO takes a *de novo* look at issues raised in the denial of this petition. See *Dor v. INS*, 891 F.2d 997, 1002 n. 9 (2d Cir. 1989)(noting that the AAO reviews appeals on a *de novo* basis). The AAO considers all pertinent evidence in the record, including new evidence properly submitted upon appeal¹. Relevant evidence submitted on

¹ The submission of additional evidence on appeal is allowed by the instructions to the Form I-290B, which are incorporated into the regulations by the regulation at 8 C.F.R. § 103.2(a)(1). The record in the instant case

appeal includes the petitioner's brief, two letters from the petitioner's accountant, a copy of the petitioner's 2000 Form 1120S, U.S. Income Tax Return for an S Corporation, a copy of the petitioner's 2000 Form W-3, Transmittal of Wage and Tax Statements, a copy of the beneficiary's 2004 Form W-2, Wage and Tax Statement, and copies of three payroll checks issued by the petitioner to the beneficiary in 2004. Other Relevant evidence includes copies of the petitioner's 1999, and 2001 through 2003 Forms 1120S, copies of Forms W-2 for all the petitioner's employees in 2000, copies of the petitioner's Forms 941, Employer's Quarterly Federal Tax Returns, for the last two quarters of 2000, copies of additional checks paid to the beneficiary in 2004, and a copy of the petitioner's bank statement for the period July 1, 2004 through July 31, 2004. The record does not contain any other evidence relevant to the petitioner's ability to pay the proffered wage.

The petitioner's 1999 through 2003 Forms 1120S reflect ordinary incomes or net incomes of \$3,037, \$16,600, -\$1,622, \$3,248, and \$840, respectively. The petitioner's 1999 through 2003 Forms 1120S also reflect net current assets of -\$498, -\$498, -\$799, \$58, and \$0, respectively.

The beneficiary's 2004 Form W-2 reflects wages paid to the beneficiary by the petitioner of \$10,400 in 2004.

The two letters submitted by the petitioner's accountant state that the addition of the beneficiary to the petitioner's staff will result in an increase of sales revenues, thereby, generating sufficient revenue to cover his salary and that during the years of 1999 through 2003, the petitioner's income did not reflect the volume of business because the apprentice barbers were being treated as independent contractors, paying only a small fee for the rental of the chair. Management has changed the method of operating and is hiring professional barbers and the volume of revenues of the corporation will reflect the ability to pay the proffered wage of \$31,200.

On appeal, the petitioner states:

During the same year 2001 as you know, our Nation suffered the 9/11 attack which left many business[es] in detrimental state. Our business was not different. The customer's [sic] that normany [sic] came for weekly trimmings now came in for monthly hair cuts, or even further apart as a result of the bad economy. These two incidents for the year 2001 brought down the gross income substantially for the business as evident by the 2001 corporate tax return.

For this reason I respectfully request that the business tax return for the year 2001 not be used as a focus point for determining the financial ability to pay the proffered wage or salary indicated.

I enclose the tax returns for the prior years, 1999 and 2000, which more appropriately reflects the normal gross income generated by the business. Again this does not reflect the total sales revenue generated by our shop. Only rental income of chairs rented to independent workers, as their income is not the corporation's income. Also included in the gross income are revenues from other services to our patrons, such as hair washing, shavings, etc.

The petitioner must establish that its job offer to the beneficiary is a realistic one. Because the filing of an ETA 750 labor certification application establishes a priority date for any immigrant petition later based on the ETA 750, the petitioner must establish that the job offer was realistic as of the priority date and that the offer remained realistic for each year thereafter, until the beneficiary obtains lawful permanent residence. The

provides no reason to preclude consideration of any of the documents newly submitted on appeal. See *Matter of Soriano*, 19 I&N Dec. 764 (BIA 1988).

petitioner's ability to pay the proffered wage is an essential element in evaluating whether a job offer is realistic. *See Matter of Great Wall*, 16 I&N Dec. 142 (Acting Reg. Comm. 1977). *See also* 8 C.F.R. § 204.5(g)(2). In evaluating whether a job offer is realistic, CIS requires the petitioner to demonstrate financial resources sufficient to pay the beneficiary's proffered wages, although the totality of the circumstances affecting the petitioning business will be considered if the evidence warrants such consideration. *See Matter of Sonogawa*, 12 I&N Dec. 612 (Reg. Comm. 1967).

In determining the petitioner's ability to pay the proffered wage, CIS will first examine whether the petitioner employed the beneficiary at the time the priority date was established. If the petitioner establishes by documentary evidence that it employed the beneficiary at a salary equal to or greater than the proffered wage, this evidence will be considered *prima facie* proof of the petitioner's ability to pay the proffered wage. In the instant case, on the Form ETA 750B, signed by the beneficiary on April 25, 2001, the beneficiary does not claim the petitioner as a present or past employer. However, the petitioner has provided a 2004 Form W-2 issued by the petitioner for the beneficiary indicating that the petitioner employed the beneficiary in 2004. The petitioner also submitted copies of payroll checks issued to the beneficiary in 2004 as proof of the beneficiary's employment in 2004. Therefore, the petitioner has established that it employed the beneficiary in 2004.

As an alternative means of determining the petitioner's ability to pay the proffered wage, CIS will next examine the petitioner's net income figure as 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. Tex. 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.*, the court held that 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. 623 F.Supp at 1084. The court specifically rejected the argument that CIS should have considered income before expenses were paid rather than net income. Finally, there is no precedent that would allow the petitioner to "add back to net cash the depreciation expense charged for the year." *See also Elatos Restaurant Corp.*, 632 F. Supp. at 1054.

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.² 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's net current assets in 1999³ through 2003 were -\$498, -\$498, -\$799, \$58, and \$0, respectively. The petitioner could not have paid the proffered wage of \$31,200 in 1999 through 2003 from its net current assets.

On appeal, the petitioner contends that the terrorist attacks of "9/11" and their after effects should be considered when determining the petitioner's ability to pay the proffered wage of \$31,200. The petitioner also requests that CIS not use its 2001 tax return in determining its ability to pay the proffered wage, but instead, use its 1999 and 2000 tax returns. While the petitioner may have been affected by the tragedy of September 11, 2001, the petitioner has provided no verifiable evidence of its loss compared to previous years with the exception of its 1999 and 2000 tax returns. In addition, even if CIS were to discount the petitioner's 2001 tax return and consider its 1999 and 2000 tax returns, the petitioner would still have not established its ability to pay the proffered wage from either its net income or its net current assets.

The petitioner's CPA claims that the addition of the beneficiary to the petitioner's staff will increase revenues and will generate sufficient revenue to cover his salary. However, against the projection of future earnings, *Matter of Great Wall*, 16 I&N Dec. 142, 144-145 (Acting Reg. Comm. 1977) states:

I do not feel, nor do I believe the Congress intended, that the petitioner, who admittedly could not pay the offered wage at the time the petition was filed, should subsequently become eligible to have the petition approved under a new set of facts hinged upon probability and projections, even beyond the information presented on appeal.

The petitioner's CPA asserts that "during the years of 1999 through 2003, the barbershop's income did not reflect the volume of business because the apprentice barbers were being treated as independent contractors paying only a small fee for the rental of the chair." While this may be the case, CIS has no means of verifying the CPA's statement, there is no method whereby CIS can determine what that volume should have been, nor is there any manner of calculating what revenues the petitioner would have realized had the apprentices been hired as employees of the corporation. Again, *see Matter of Great Wall*.

Finally, if the petitioner does not have sufficient net income or net current assets to pay the proffered salary, CIS may consider the overall magnitude of the entity's business activities. Even when the petitioner shows insufficient net income or net current assets, CIS may consider the totality of the circumstances concerning a petitioner's financial performance. *See Matter of Sonogawa*, 12 I&N Dec. 612 (Reg. Comm. 1967). In *Matter of Sonogawa*, the Regional Commissioner considered an immigrant visa petition, which had been filed by a small "custom dress and boutique shop" on behalf of a clothes designer. The district director denied the petition after determining that the beneficiary's annual wage of \$6,240 was considerably in excess of the

² 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 payable, short-term notes payable, and accrued expenses (such as taxes and salaries). *Id.* at 118.

³ It should be noted that the 1999 and 2000 tax returns are for the years before the priority date of April 25, 2001, and, therefore, will not be considered as proof of the petitioner's ability to pay the proffered wage from the priority date and continuing to the present.

employer's net profit of \$280 for the year of filing. On appeal, the Regional Commissioner considered an array of factors beyond the petitioner's simple net profit, including news articles, financial data, the petitioner's reputation and clientele, the number of employees, future business plans, and explanations of the petitioner's temporary financial difficulties. Despite the petitioner's obviously inadequate net income, the Regional Commissioner looked beyond the petitioner's uncharacteristic business loss and found that the petitioner's expectations of continued business growth and increasing profits were reasonable. *Id.* at 615. Based on an evaluation of the totality of the petitioner's circumstances, the Regional Commissioner determined that the petitioner had established the ability to pay the beneficiary the stipulated wages.

As in *Matter of Sonogawa*, CIS may, at its discretion, consider evidence relevant to a petitioner's financial ability that falls outside of a petitioner's net income and net current assets. CIS may consider such factors as the number of years that the petitioner has been doing business, the established historical growth of the petitioner's business, the overall number of employees, the occurrence of any uncharacteristic business expenditures or losses, the petitioner's reputation within its industry, whether the beneficiary is replacing a former employee or an outsourced service, or any other evidence that CIS deems to be relevant to the petitioner's ability to pay the proffered wage. In this case, the petitioner has provided tax returns for the years 1999 through 2003. Since none of the tax returns establish the petitioner's ability to pay the proffered wage, they are not enough evidence to establish that the business has met all of its obligations in the past or to establish its historical growth. There is also no evidence of the petitioner's reputation throughout the industry.

The petitioner's 2001 tax return reflects an ordinary income or net income of -\$1,622 and net current assets of -\$799. The petitioner could not have paid the proffered wage of \$31,200 from either its net income or its net current assets in 2001.

The petitioner's 2002 tax return reflects an ordinary income or net income of \$3,248 and net current assets of \$58. The petitioner could not have paid the proffered wage of \$31,200 from either its net income or its net current assets in 2002.

The petitioner's 2003 tax return reflects an ordinary income or net income of \$840 and net current assets of \$0. The petitioner could not have paid the proffered wage of \$31,200 from either its net income or its net current assets in 2003.

For the reasons discussed above, the assertions of counsel on appeal and the evidence submitted on appeal do not overcome the decision of the director.

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