



Instructions for Form CT-635

New York Youth Works Tax Credit
Tax Law – Article 9-A, Section 210.44

Temporary deferral of certain tax credits

For tax years beginning on or after January 1, 2010, and before January 1, 2013, if the total amount of certain credits that you may use to reduce your tax or have refunded to you is greater than \$2 million, the excess over \$2 million must be deferred to, and used or refunded in, tax years beginning on or after January 1, 2013. For more information about the credit deferral, see Form CT-500, *Corporation Tax Credit Deferral*.

If you are subject to the credit deferral, you must complete all credit forms without regard to the deferral. However, the credit amount that is transferred to your tax return to be applied against your tax due or to be refunded to you may be reduced. Follow the instructions for Form CT-500 to determine the amounts to enter on your tax return.

General information

The Tax Law provides a credit to taxpayers who are participants in the New York Youth Works Tax Credit Program. The New York youth works tax credit is available to taxpayers subject to tax under Articles 9-A and 22.

Eligibility

To be eligible for this credit, all of the following requirements must be met:

- The taxpayer is a participant in the New York Youth Works Tax Credit Program.
- The business has received a *Certificate of Tax Credit* from the New York State Department of Labor. Attach a copy of the certificate of tax credit to Form CT-635.
- The business employs one or more certified youths. The certified youths must start their employment on or after January 1, 2012, but no later than December 31, 2012.

To participate in the New York Youth Works Tax Credit Program, an employee must submit an application to the Department of Labor after January 1, 2012, but no later than November 2012.

For more information on becoming a participant in the program, see the Department of Labor's Web site (at www.labor.ny.gov).

Credit information

The credit is equal to \$500 per month for up to six months for each certified youth employed in a full-time job, and \$250 per month for up to six months for each certified youth employed in a part-time job of at least 20 hours per week. This portion of the credit is allowed for the tax year in which the wages are paid to the certified youth.

An additional credit of \$1,000 is available for each certified youth employed for at least an additional six months in a full-time job, or \$500 for each certified youth employed for at least an additional six months in a part-time job of at least 20 hours per week. The additional credit is allowed for the tax year in which the additional six-month period ends.

The NYS Department of Labor will provide you with a certificate of tax credit that will show the maximum amount of tax credit you are eligible for and a list of the youths who are eligible. Use the information provided by them to complete this credit claim form.

Any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to next year's tax. Interest will not be paid on the refund or overpayment.

Line instructions

Schedule A – Credit for certified youths

Line 1 – Enter the amount of your New York youth works tax credit from line 19. This amount cannot exceed the amount shown on your certificate of tax credit issued by NYS Department of Labor.

Line 3

S corporations: Transfer this amount to Form CT-34-SH, and provide your shareholders with their pro rata share of line 3. The shareholder will enter that amount on Form IT-635.

All others: Complete Schedule B.

Schedule B – Computation of tax credit used, refunded, or credited as an overpayment to the next tax year

S corporations: Do not complete this schedule.

Lines 4 and 7 entries table

If you filed	Enter on line 4 any net recapture of other tax credits, plus the amount from	Enter on line 7 the minimum tax below
Form CT-3	Line 78	Line 74b amount
Form CT-3-A	Line 77	Line 74b amount

Line 4 – Enter your tax due before credits using the *Lines 4 and 7 entries table*.

Line 5 – If you are claiming more than one tax credit for this year, enter the total amount of credits claimed before applying this credit. Otherwise, enter **0**. You must apply certain credits before this credit. Refer to the instructions for your franchise tax return to determine the order of credits that applies.

Article 9-A filers: Refer to Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*, for the correct order of credits.

If you are included in a combined return, include any amount of tax credit(s) being claimed by other members of the combined group, including the New York youth works tax credit, that you wish to apply before the credit claimed on this form.

Line 7 – Enter your minimum tax using the *Lines 4 and 7 entries table*.

Lines 9, 11, and 12 – Enter on line 9 the lesser of line 3 or line 8.

If your total credits from all sources are **\$2 million or less**, enter the amounts from lines 9, 11, and 12 on your franchise tax return.

If your total credits from all sources are **more than \$2 million**, you may be subject to the temporary credit deferral. Complete lines 9, 11, and 12, but do not enter the amounts from lines 9, 11, and 12 on your franchise tax return. See Form CT-500 to determine the proper amount to enter on your franchise tax return.

Schedule C – Partnership information

Complete this section only if you were a partner in a partnership and received a share of the credit from that entity. Enter the name, employer identification number (EIN), and credit amount passed through to you from each partnership. If you need more space, attach a separate schedule. Include your name and identification number on any separate sheets you file with your return.

Obtain this information from the partnership(s) allocating this credit to you. You must attach a copy of the partnership's certificate of tax credit to Form CT-635.

Schedule D – Employee information and computation of credit

Complete a Schedule D for each certified youth you employed from the list provided by the NYS Department of Labor. **If you employed more than one certified youth, complete a separate Schedule D for each employee.**

Enter the name, social security number, hire date (mm-dd-yy), and last date of employment during the current tax year (mm-dd-yy) for each employee.

Calendar-year filers: Complete only Part 1 for the first six months of employment.

Fiscal-year filers: Complete Part 1 and, if applicable, Part 2 for the first six months of employment.

Part 1 – 2012 hours worked and monthly factors for full-time or part-time work

Number of hours worked – Enter the number of hours the employee worked for each of the first six months. Fiscal-year filers may also need to complete Part 2 using 2013 monthly factors. If an employee had no hours worked for a month, leave blank.

Part-time – If the employee was hired during the middle of a month and subsequently left employment in the middle of a month, and those months are required to be included in this calculation, total the first and last months' hours worked to determine if the minimum monthly hours were met to receive the credit. Enter those hours and the factor 0.5 in the chart for the last month.

Full-time or part-time factors for the first six months of employment – Based on the criteria listed below for each month, enter either 1.0 or 0.5.

2012	Full-time	Part-time	
	Enter 1.0 if hours worked are at least:	Enter .5 if hours worked are:	
		at least	but less than
January	155	88.4	155
February	145	82.4	145
March	155	88.4	155
April	150	85.6	150
May	155	88	155
June	150	85.6	150
July	155	88	155
August	155	88	155
September	150	85.6	150
October	155	88	155
November	150	85.2	150
December	155	88.4	155

Part 2 – 2013 hours worked and monthly factors for full-time or part-time work

Number of hours worked – Enter the number of hours the employee worked for the months listed during 2013. If the employee had no hours worked for a month, leave blank.

Full-time or part-time factors for the first six months of employment – Based on the criteria listed below for each month, enter either 1.0 or 0.5.

2013	Full-time	Part-time	
	Enter 1.0 if hours worked are at least:	Enter .5 if hours worked are:	
		at least	but less than
January	155	88	155
February	140	79.6	140
March	155	88.4	155
April	150	85.2	150
May	155	88	155
June	150	85.6	150

Part 3 – Computation of credit

Line 14 Total monthly factors for first six months – Enter the total full-time or part-time factors for the first six months of employment during the tax year.

Line 15 Six-month employment credit – Multiply the amount from line 14 by 500 and enter the result on line 15. The maximum total allowed is \$3,000.

Line 16 Additional six-month credit – If the employee was retained for 12 consecutive months full time, enter **1000** on line 16. If the employee was retained for 12 consecutive months part time, enter **500** on line 16.

Line 17 Total tax credit for employee – Add lines 15 and 16.

Schedule E – Total New York youth works tax credit

Complete only **one** Schedule E. Schedule E is a summary of Schedule D, including any additional Schedule(s) D if you have more than one certified youth.

Line 18 – Enter the total of all the line 17 amounts from all additional Schedule(s) D on line 18. Attach all Schedule(s) D to your return.