



Instructions for Form IT-635 New York Youth Jobs Program Tax Credit

New for 2017

The urban youth jobs program tax credit has been renamed the New York youth jobs program tax credit. An additional five independent annual credit programs have also been added.

General information

The Tax Law provides a credit to taxpayers who are participants in the New York Youth Jobs Program. There are ten independent annual credit programs. To participate in one of the programs, an employer must submit an application to the New York State (NYS) Department of Labor on or after January 1 but no later than November 30 of that program year. To qualify for a program credit, an employee must start employment on or after January 1 but no later than December 31 of that program year.

The programs are as follows:

| Program | Year | Total allocation cap | Employee hiring dates |
|---------|------|----------------------|-------------------------|
| 1 | 2012 | \$25 million | 1/1/12 through 12/31/12 |
| 2 | 2014 | \$10 million | 1/1/14 through 12/31/14 |
| 3 | 2015 | \$20 million | 1/1/15 through 12/31/15 |
| 4 | 2016 | \$50 million | 1/1/16 through 12/31/16 |
| 5 | 2017 | \$50 million | 1/1/17 through 12/31/17 |
| 6 | 2018 | \$40 million | 1/1/18 through 12/31/18 |
| 7 | 2019 | \$40 million | 1/1/19 through 12/31/19 |
| 8 | 2020 | \$40 million | 1/1/20 through 12/31/20 |
| 9 | 2021 | \$40 million | 1/1/21 through 12/31/21 |
| 10 | 2022 | \$40 million | 1/1/22 through 12/31/22 |

The New York youth jobs program tax credit is available to taxpayers subject to tax under Articles 9-A and 22. Individuals (including sole proprietors), estates and trusts, shareholders of an S corporation, partners in a partnership (including a member of a limited liability company (LLC) that is treated as a partnership for federal tax purposes), and beneficiaries of an estate or trust may claim the credit on Form IT-635.

Complete 2017 Form IT-635 to:

- claim the credit for the first six months of employment if any part of the first six months of employment occurred in a tax year that began on or after January 1, 2017;
- claim the additional credit for employees retained for an additional six consecutive months (12 consecutive months total) if the 12 month period ended in a tax year beginning on or after January 1, 2017; or
- claim the additional credit for employees retained for an additional year after the first year of employment if the additional year ended in a tax year beginning on or after January 1, 2017.

Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- You or your business must be a participant or the owner of a participant in the New York Youth Jobs Program.
- You or your business must have received a certificate of tax credit from the NYS Department of Labor. Submit a copy of the certificate of tax credit with Form IT-635.

- You or your business must employ one or more certified youths.

Program 3

To participate in this program, an employer **must** have submitted an application to the NYS Department of Labor on or after January 1, 2015, but no later than November 30, 2015. The certified youths **must** have started their employment on or after January 1, 2015, but no later than December 31, 2015.

Program 4

To participate in this program, an employer **must** have submitted an application to the NYS Department of Labor on or after January 1, 2016, but no later than November 30, 2016. The certified youths **must** have started their employment on or after January 1, 2016, but no later than December 31, 2016.

Program 5

To participate in this program, an employer **must** have submitted an application to the NYS Department of Labor on or after January 1, 2017, but no later than November 30, 2017. The certified youths **must** have started their employment on or after January 1, 2017, but no later than December 31, 2017.

For more information about these programs, see the NYS Department of Labor's website (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 (or 10 hours per week when the certified youth is enrolled in high school full-time). 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 (or 10 hours per week when the certified youth is enrolled in high school full-time). The additional credit is allowed for the tax year in which the additional six-month period ends.

Another additional credit of \$1,000 is available for each certified youth employed for at least an additional **year** after the first year of employment in a full-time job or \$500 for each certified youth employed for at least an additional year after the first year of employment in a part-time job of at least 20 hours per week (or 10 hours per week when the certified youth is enrolled in high school full-time). This credit is available for employees hired on or after January 1, 2014, and can be claimed for the tax year that the second year of employment ends.

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

Who must file

File Form IT-635 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership, or a shareholder of an S corporation, and you are claiming the New York youth jobs program tax credit.

An estate or trust that divides the credit among itself and its beneficiaries must file Form IT-635 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-635 with Form IT-204, *Partnership Return*, showing the total credit.

An S corporation does not file Form IT-635. It must file Form CT-635. If you are a shareholder of an S corporation that has made the election under Tax Law section 660, obtain your share of the S corporation's credit from the S corporation and follow the instructions on this form for claiming your credit on your personal income tax return.

Specific instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Line A – Mark an **X** in the appropriate box to determine the parts of this form you need to complete.

Individuals: Complete lines A through F, and Schedule A, Schedule B (line 5), and Schedule E.

Partnerships: Complete lines A through F, and Schedule A, Schedule B, and Schedule E.

A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return: If you file jointly, compute your credit as if you were filing one federal Schedule C for the business (enter the total of all applicable amounts from both federal Schedule C forms). Complete lines A through F, and Schedule A, Schedule B (line 5), and Schedule E.

Fiduciaries: Complete lines A through F, and Schedule A, Schedule B (line 5), Schedule C, and Schedule E.

Partners in a partnership, shareholders of a New York S corporation, and beneficiaries of an estate or trust: Complete Schedules B and D.

Note: If more than one of the above applies to you complete all appropriate parts of the form on one Form IT-635.

Schedule A – Credit for certified youths

Line 1 – Enter the amount from line 10 **plus** any line 10 amount(s) from additional Schedule E(s). This amount(s) cannot exceed the amount shown on your certificate of tax credit issued by the NYS Department of Labor.

Schedule B – Partner's, shareholder's, or beneficiary's share of credit

Line 2 – Partners: Obtain the amount to enter on line 2 from your partnership. If you are a partner in more than one partnership, enter on this line the total of all your shares of this credit you received from all partnerships. Submit a copy of the partnership(s) certificate of tax credit with Form IT-635.

Line 3 – S corporation shareholders: Obtain the amount to enter on line 3 from your S corporation. If you are a shareholder in more than one S corporation, enter on this line the total of all your shares of this credit you received from all S corporations. Submit a copy of the S corporation(s) certificate of tax credit with Form IT-635.

Line 4 – Beneficiaries: Obtain the amount to enter on line 4 from the estate or trust. If you are a beneficiary of more than one estate or trust, enter on this line the total of all your shares of this credit you received from all estates or trusts. Submit a copy of the estate(s) or trust(s) certificate of tax credit with Form IT-635.

Line 5 – Total credit allowed

Fiduciaries: Enter the line 5 amount on the *Total* line of Schedule C, column C, and complete Schedule C.

Partnerships: Enter the line 5 amount and code **635** on Form IT-204, line 147.

Partners, shareholders, and beneficiaries: Enter the line 5 amount and code **635** on Form IT-201-ATT, line 12, or on Form IT-203-ATT, line 12; and complete Schedule D.

All others: Enter the line 5 amount and code **635** on Form IT-201-ATT, line 12, or on Form IT-203-ATT, line 12.

Schedule C – Beneficiary's and fiduciary's share of credit

An estate or trust must complete Schedule C.

Enter the amount from line 5 on the *Total* line of column C. If an estate or trust allocates or assigns the credits to its beneficiaries, base the division on each beneficiary's proportionate share of the income of the estate or trust. Provide any amounts allocated or assigned to the beneficiaries to claim on their own income tax returns.

Enter the amount from the *Fiduciary* line of column C on Form IT-205, line 33.

Schedule D – Partnership, S corporation, estate, and trust information

Partners, S corporation shareholders, and beneficiaries: Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. If you need more space, use a separate schedule (be sure to include your name and taxpayer identification number).

Schedule E – Employee information and computation of credit

Complete a Schedule E 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 E for each employee.** Attach all Schedule(s) E to your return.

Enter the name, social security number, hire date (*mmddyyyy*), and last date of employment during the current tax year (*mmddyyyy*) for each employee.

Calendar-year filers: Complete Part 1 **only** 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.

All filers: Complete Part 3, line 8 to claim the credit for the second six months of employment.

Complete Part 3, line 9 to claim the credit for the additional year of employment.

Part 1 – 2017 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 employed.

Fiscal-year filers may also need to complete Part 2 using 2018 monthly factors. If an 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.

| 2017 | Full-time | Part-time (20 hours) | | Part-time (10 hours) | |
|-----------|---|--------------------------------|---------------|--------------------------------|---------------|
| | Enter 1.0 if hours worked are at least: | Enter 0.5 if hours worked are: | | Enter 0.5 if hours worked are: | |
| | | at least | but less than | at least | but less than |
| January | 150 | 86 | 150 | 43 | 150 |
| February | 140 | 80 | 140 | 40 | 140 |
| March | 155 | 88 | 155 | 45 | 155 |
| April | 140 | 80 | 140 | 40 | 140 |
| May | 155 | 88 | 155 | 45 | 155 |
| June | 150 | 86 | 150 | 43 | 150 |
| July | 140 | 80 | 140 | 40 | 140 |
| August | 155 | 88 | 155 | 45 | 155 |
| September | 140 | 80 | 140 | 40 | 140 |
| October | 150 | 86 | 150 | 43 | 150 |
| November | 150 | 86 | 150 | 43 | 150 |
| December | 140 | 80 | 140 | 40 | 140 |

Part 2 – 2018 hours worked and monthly factors for full-time or part-time work (for fiscal year filers only)

Number of hours worked – Enter the number of hours the employee worked for the months listed during 2018. 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.

| 2018 | Full-time | Part-time (20 hours) | | Part-time (10 hours) | |
|-----------|---|--------------------------------|---------------|--------------------------------|---------------|
| | Enter 1.0 if hours worked are at least: | Enter 0.5 if hours worked are: | | Enter 0.5 if hours worked are: | |
| | | at least | but less than | at least | but less than |
| January | 155 | 88 | 155 | 45 | 155 |
| February | 140 | 80 | 140 | 40 | 140 |
| March | 150 | 83 | 150 | 43 | 150 |
| April | 140 | 80 | 140 | 40 | 140 |
| May | 155 | 88 | 155 | 45 | 155 |
| June | 140 | 80 | 140 | 40 | 140 |
| July | 150 | 86 | 150 | 43 | 150 |
| August | 155 | 88 | 155 | 45 | 155 |
| September | 140 | 80 | 140 | 40 | 140 |
| October | 155 | 88 | 155 | 45 | 155 |
| November | 150 | 86 | 150 | 43 | 150 |
| December | 140 | 80 | 140 | 40 | 140 |

Part 3 – Computation of credit

Line 6 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 7 Six-month employment credit – Multiply the amount from line 6 by 500 and enter the result on line 7. The maximum total allowed is \$3,000.

Line 8 Additional six-month credit – If the employee was retained for 12 consecutive months full-time, enter **1000** on line 8. If the employee was retained for 12 consecutive months part-time, enter **500** on line 8.

Line 9 Additional credit for employed an additional year – If the employee was retained for an additional 12 consecutive months full time after the first year of employment, enter **1000** on line 9. If the employee was retained for an additional 12 consecutive months part-time after the first year of employment, enter **500** on line 9.
