



Instructions for Form CT-650 Empire State Apprenticeship Tax Credit

General information

For tax years beginning on or after January 1, 2018, the Empire State apprenticeship tax credit (ESATC) is available to eligible taxpayers who are certified by the New York State Department of Labor (NYS DOL) as a registered apprenticeship (RA) program sponsor and approved to participate in the ESATC Program.

The ESATC Program provides a tax credit to certified NYS RA program sponsors for employing qualified apprentices.

A completed application must be submitted to NYS DOL, which administers the program, by December 31 of the calendar year for each year you are applying to participate in the program. If approved, NYS DOL will issue a preliminary certificate of eligibility. You **must** submit a final annual report to NYS DOL to verify that you have met all the eligibility requirements to receive a final certificate of tax credit that includes the amount of credit you may claim for the year.

For more information about the program and application process, visit NYS DOL's website at www.labor.ny.gov.

Eligibility

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

- you are subject to tax under Tax Law Article 9-A or 22;
- you are a certified employer or the owner of a certified employer in the ESATC Program under New York State Labor Law § 25-c; and
- you have received or are the owner of a business entity that has received a final certificate of tax credit issued by NYS DOL.

Definitions

A *certified employer* means a qualified employer that has received a final certificate of tax credit from NYS DOL after the Commissioner of Labor has determined that the qualified employer has fulfilled all the requisite eligibility criteria to participate in the ESATC Program under Labor Law § 25-c.

A *qualified employer* means an employer that has or participates in an approved registered apprenticeship program.

A *participating employer* means a qualified employer that has applied to participate in the ESATC Program and received a preliminary certificate of eligibility from the NYS DOL.

A *qualified apprentice* means an individual employed by a participating employer in a full-time position (at least 35 hours per week) for at least six months of a calendar year pursuant to a qualified apprenticeship agreement with a qualified employer.

A *disadvantaged youth* means an individual who is between the ages of 16 and 24 when the youth begins the apprenticeship and who is low-income or at-risk as defined by the Commissioner of Labor.

A *mentor* means an individual who provides instruction, guidance, and support to the apprentice on a regular basis throughout the apprentice's completion of the apprenticeship, as the apprentice seeks employment in the field or industry of the apprenticeship.

Credit details

The base credit is equal to:

Year of apprenticeship	Credit amount per apprentice	Credit amount per disadvantaged youth apprentice
1 st year	\$2,000	\$5,000
2 nd year	\$3,000	\$6,000
3 rd year	\$4,000	\$7,000
4 th year	\$5,000	\$7,000
5 th year	\$6,000	\$7,000

If an apprentice has been trained in his or her trade by a mentor for the entirety of the calendar year, the base credit amounts in the above table will be increased by \$500.

The apprentice's status as a 1st through 5th year apprentice will be determined on the last day of the calendar year. If the apprentice is no longer employed by the participating employer on the last day of the calendar year, then the status will be determined on the last day of the apprentice's employment with the participating employer.

If a disadvantaged youth begins an apprenticeship before the age of 25, a certified employer is eligible to continue to receive the tax credit until that apprentice completes the apprenticeship.

The certified employer is **not** allowed a tax credit for any apprentice if that apprentice is the basis for any other tax credit.

The credit allowed cannot be greater than the amount of credit listed on the final certificate of tax credit issued by NYS DOL, or in the case of a partner in a partnership or a member of a limited liability company (LLC), its pro rata share of the amount of credit listed on the final certificate of tax credit issued to the partnership or LLC.

The credit may be claimed for the tax year shown on the final certificate of tax credit. If the certified employer's tax year is a fiscal year, the credit may be claimed on the return for the fiscal year that includes the last day of the calendar year covered by the final certificate of tax credit.

The credit may not reduce the tax below the fixed dollar minimum tax.

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

The credit is not allowed against the metropolitan transportation business tax (MTA surcharge) under Article 9-A.

New York S corporations: New York S corporations will calculate the credit; however the S corporation may not use the credit against its own tax liability. Instead, the credit is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax returns. Complete only lines A through H, and Schedules A and B (line 3).

Combined filers: A taxpayer filing as a member of a combined group is allowed to claim the credit, which is computed on a separate basis but applied against the combined tax.

Line instructions

Line A – Mark an **X** in the appropriate box to determine the parts of this form that you need to complete. If you are claiming this credit **both** as a corporation that earned the credit **and** as a corporate partner receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form CT-650.

Additional sheets – If you have more entries than will fit on the lines provided in Schedule B, attach additional sheets in the same format as the schedule. Include your name and taxpayer identification number on each sheet and attach them and Form CT-650 to your return.

Schedule A – Computation of credit

Line 1 – Enter the total amount from the final certificate of tax credit issued by NYS DOL and attach a copy of the certificate, including Part A. The amount entered cannot exceed the amount shown on your final certificate of tax credit.

Schedule B – Partnership information

If you were a partner in a partnership and received a share of the Empire State apprenticeship tax credit from that entity, complete this schedule. Enter the name, employer identification number (EIN), certificate number from the final certificate of tax credit issued to the partnership, and credit amount passed through to you from each partnership. Obtain this information from the partnership(s) allocating the credit to you.

Line 3

New York S corporations – Transfer this amount to the applicable line of Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their pro rata share of this line. The shareholders will file Form IT-650, *Empire State Apprenticeship Tax Credit*, to claim this credit on their New York State personal income tax returns.

Schedule C – Computation of credit used, refunded, or credited as an overpayment to the next tax year (New York 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 credit, plus the amount from	Enter on line 7 the fixed dollar minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c
Form CT-3-A	Part 2, line 2	Part 2, line 1c

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

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**. Tax credits must be applied in a certain order. See Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*, for the correct order of credits.

If filing as a member of a combined group, include any amount of tax credit(s), including the Empire State apprenticeship tax credit, claimed by other members of the combined group that you want to apply before this credit.

Line 7 – Enter the fixed dollar minimum tax using the *Lines 4 and 7 entries table* above.

Need help? and Privacy notification

See Form CT-1, *Supplement to Corporation Tax Instructions*.