



Instructions for Form IT-650

Empire State Apprenticeship Tax Credit

Tax Law – Article 22, Section 606(vvv)

General information

For tax years beginning on or after January 1, 2018, and before January 1, 2023, 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 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 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), or a shareholder of an S corporation, its pro rata share of the amount of credit listed on the final certificate of tax credit issued to the partnership, LLC, or S corporation.

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.

How to claim the credit

File Form IT-650 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you are claiming the ESATC.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-650 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-650 with Form IT-204, *Partnership Return*, showing the total credit.

A New York S corporation does not file Form IT-650. It must file Form CT-650, *Empire State Apprenticeship Tax Credit*. If you are a shareholder of an S corporation, obtain your share of the Empire State apprenticeship tax credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

Line 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. If you are claiming this credit **both** as an individual (sole proprietor), partnership, or fiduciary of an estate or trust that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the **Yes** box and complete all appropriate schedules on one Form IT-650.

Individuals (including sole proprietors) and partnerships: Complete lines A through I and Schedules A and D.

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. Complete lines A through I, and Schedules A and D.

Fiduciary: Complete lines A through I, and Schedules A, C, and D.

Partner in a partnership, shareholder of a New York S corporation, and beneficiary of an estate or trust: Complete Schedules B and D.

Note: If more than one set of instructions applies to you, complete all of the appropriate parts of the form on one Form IT-650.

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

Schedule A – Individual (including sole proprietor), partnership, and estate or trust

Line 1 – Enter the total amount from the final certificate of tax credit issued by NYS DOL and submit 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 – Partner’s, shareholder’s, or beneficiary’s share of credit

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. Obtain your share of the credit and certificate number from your partnership(s), S corporation, estate or trust. If needed, see *Additional sheets* above.

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

An estate or trust must complete Schedule C. If an estate or trust allocates or assigns the credit to its beneficiaries, it must base the division on each beneficiary’s proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit. If needed, see *Additional sheets* above.

Schedule D – Computation of credit

Complete lines 6, 7, and 8 (whichever apply to you).

Fiduciaries: Do not enter any amounts on line 6 or 7.

Line 9 – Enter the amount and code **650** on:

- Form IT-201-ATT, line 12;
- Form IT-203-ATT, line 12; or
- Form IT-204, line 147.

For Form IT-205, include the amount on line 33.
