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NEW YORK STATE Department of Labor

# EMPIRE STATE APPRENTICESHIP TAX CREDIT

First launched in 2018, The Empire State Apprenticeship Tax Credit program encourages the expansion of apprenticeship as a work-based learning model. Apprenticeship is a time-honored approach to training skilled workers through a combination of on-the-job training and classroom instruction.

## WHAT IS THE EMPIRE STATE APPRENTICESHIP TAX CREDIT (ESATC) PROGRAM?

The ESATC provides eligible employers with tax credits against New York State (NYS) income or franchise tax for registering new qualified apprentices on or after January 1, 2018.

Enhanced credits are available to employers that hire disadvantaged youth as apprentices. Additional credits are available to employers that provide apprentices with the support of a mentor for the entire year. The tax credit is available through 2026.

## WHAT EMPLOYERS ARE ELIGIBLE TO APPLY FOR THE ESATC?

Employers are eligible to apply for the ESATC if they are:

- The sponsor of an active or probationary NYS Registered Apprenticeship (RA) program.
- An approved signatory employer to an active or probationary NYS RA program.

If you are not already a NYS RA sponsor or a signatory to a NYS RA program and are interested in becoming one, please contact the NYS Department of Labor: [labor.ny.gov/apprenticeship/contactus.shtm](http://labor.ny.gov/apprenticeship/contactus.shtm).

## WHAT APPRENTICESHIP INDUSTRIES AND OCCUPATIONS ARE ELIGIBLE TO APPLY?

The ESATC program is focused on in-demand occupations throughout the state, excluding construction trades. However, RA programs in the construction trades are eligible if the trade will be used for the upkeep and maintenance of a facility owned by the apprentice's employer, such as the plant maintenance trades.

## WHO IS A QUALIFIED APPRENTICE?

A qualified apprentice is an individual that:

- Is a registered apprentice in an eligible NYS RA program;
- Has an enrollment date of January 1, 2018, or later; **AND**
- Is employed full-time (a minimum of 35 hours per week) for at least six months during the calendar year.

Apprentices cannot be claimed for the ESATC if they have not completed their RA program within one year of their expected completion date.

The ESATC may not be combined with any other state tax credit for the apprentice.

## WHAT ARE THE ESATC TAX CREDIT AMOUNTS?

An eligible employer may be entitled to one of the following tax credits for each year a qualified apprentice participates in the apprenticeship program:

### Apprentice Tax Credit:

1st Year Apprentice = \$2,000  
2nd Year Apprentice = \$3,000  
3rd Year Apprentice = \$4,000  
4th Year Apprentice = \$5,000  
5th Year Apprentice = \$6,000

### Disadvantaged Youth Tax Credit:

1st Year Apprentice = \$5,000  
2nd Year Apprentice = \$6,000  
3rd Year Apprentice = \$7,000  
4th Year Apprentice = \$7,000  
5th Year Apprentice = \$7,000

Mentor Tax Credit: An additional tax credit of \$500 for each apprentice who is counseled by a Mentor for the full year.

## WHO IS A DISADVANTAGED YOUTH?

Disadvantaged Youth include individuals who are 16-24 years old at the time of enrollment\* and fit into one of the following categories:

- Over 18 and no longer in school, without a high school diploma or high school equivalency diploma;
- Veteran;
- Member of a family that receives:
  - Aid from Temporary Assistance for Needy Families (TANF);
  - SNAP benefits (food stamps)
  - Supplemental Security Income (SSI) benefits; or
  - Free or reduced-cost school lunch;
- Referred by a rehabilitation agency approved by the state or an employment network under the Ticket to Work Program;
- Served time in jail/prison;
- On probation or parole;
- Pregnant or a parent;
- Homeless;
- Is now or has been in:
  - foster care; or
  - the custody of the New York State Office of Children and Family Services;
- The child of a parent who is:
  - In jail/prison, or has been in the past two years; or
  - Collecting unemployment insurance;
- Lives in public housing or receives housing assistance, such as a Section 8 voucher; or
- Other risk factor approved by the Commissioner of Labor.

If the disadvantaged youth begins the apprenticeship program prior to age 25, the sponsor or eligible employer will remain eligible for this youth credit until the apprentice completes the RA program.

\*Youth ages 16-17 need permission from a parent or guardian to participate in a RA program.

## WHO IS CONSIDERED A MENTOR?

Mentors provide instruction, counseling, guidance and support to apprentices on a regular basis throughout the calendar year. A mentor aids the apprentice with wrap-around support services to ensure the apprentice completes the program and stays employed.

## HOW DO EMPLOYERS APPLY FOR THE ESATC?

**Step 1:** Submit an Employer Application to determine eligibility. The Employer Application is available online at: [dol.ny.gov/apprenticeship/options-apprenticeship-program-sponsors](https://dol.ny.gov/apprenticeship/options-apprenticeship-program-sponsors).

*If the Department of Labor determines the employer is eligible to apply for the ESATC, they will issue a Preliminary Certificate of Tax Credit Eligibility.*

**Step 2:** Submit one Employer Final Report for each apprentice being claimed. The Employer Final Report is usually available online after July and can be found at: [dol.ny.gov/apprenticeship/options-apprenticeship-program-sponsors](https://dol.ny.gov/apprenticeship/options-apprenticeship-program-sponsors).

*The Department of Labor will verify that all eligibility requirements have been met for each apprentice being claimed, compute the actual amount of credit allowed, and issue a Final Certificate of Tax Credit.*

## WHEN ARE APPLICATIONS DUE?

The Department of Labor must receive both the Employer Application and the Employer Final Report(s) by December 31st each year.

## QUESTIONS?

For more information about the program or for help with the application, call **877-226-5724** or e-mail [ESATC@labor.ny.gov](mailto:ESATC@labor.ny.gov).