

New York State Department of Labor

Empire State Apprenticeship Tax Credit (ESATC)

Frequently Asked Questions (FAQ)

1) When do employers enroll for the Empire State Apprenticeship Tax Credit Program (ESATC)? Before they hire the apprentice or after they hire them?

Before an employer can apply for the ESATC, they must first be a sponsor or signatory of an active or probationary NYS Registered Apprenticeship (RA) program. If an employer is not already a NYS RA sponsor, please contact the New York State Department of Labor (NYSDOL) at the following link to learn more RA or to establish a RA program:

<https://dol.ny.gov/apprenticeship/register-apprenticeship-program>

There are two steps and/or forms that must be completed to get the tax credit each year which are described below. Information and the application may be found here:

<https://dol.ny.gov/apprenticeship/options-apprenticeship-program-sponsors>.

Step 1: The initial Employer Application can be submitted prior to or after hire and must be received by the NYSDOL by December 31st of the applicable tax year.

Step 2: The apprentice must work full-time (a minimum of 35 hours per week) for at least 6 months before the employer can submit the Employer Final Report claiming credit for the apprentice. This is also due by December 31st of the applicable tax year.

2) May other Registered Apprenticeship funding opportunities be utilized?

The ESATC is independent of other grants or incentive funds, however it cannot be combined with any other NYS tax credit for the apprentice that is submitted in each final report.

3) What is the difference between a sponsor and signatory on the application?

A sponsor is one of the following: an employer, a single employer and a union, a group of employers, or a Joint Apprenticeship Committee (JAC) representing both employers and a union or unions, which has the ability to train apprentices, and which is recognized by the NYSDOL Commissioner through the registration of a program.

A signatory is an employer who is part of a group program and has executed a written agreement with a NYS RA program sponsor and has agreed to be bound by the terms, standards and conditions of the program.

The tax credit is for employers; therefore, if the sponsor is a single employer, the sponsor will apply for the tax credit. If the employer is a signatory to a group program, the signatory employer will apply for the tax credit.

- 4) **If the employer provides a mentor for the apprentice, they receive an extra \$500 tax credit. How does the employer prove that they provided a mentor if audited? What are the specifications to be considered a mentor?**

A mentor is an individual who provides instruction, counseling, guidance, and support to the apprentice on a regular basis throughout the calendar year. A mentor does not perform the same functions as the supervisor/journey worker, but instead is aiding the apprentice with other wrap-around support services to ensure the apprentice completes the program and retains employment. The employer should maintain records of mentoring services for audit purposes. This credit is available to employers that provide apprentices with the support of a mentor for the entire year.

- 5) **What does the process of the ESATC look like? For example, when the employer applies, is there a specific waiting period? After applying for ESATC, what kind of paperwork would the employer expect? When submitting paperwork at the end of the year for tax purposes, is there a specific form to be submitted for every apprentice or are all apprentices combined into 1 document?**

This is a two-step process:

Step 1: After receipt of the Employer Application referenced in Question #1 and the applicant has been verified as being a sponsor of or signatory to an active or probationary NYS RA program, a Preliminary Certificate of Eligibility will be issued by NYSDOL indicating the maximum amount of tax credit the employer may be eligible for.

Step 2: After receipt of the Employer Final Report, and apprentices have been verified as registered to an active or probationary NYS RA program for at least six months during the year for which they are applying, a Final Certificate of Tax Credit will be issued by NYSDOL indicating the actual amount of credit for the calendar year.

- 6) **What other funding opportunities are there for employers to get involved in the RA program? Is there a Federal credit the employer can receive aside from the state tax incentive?**

You may find current NYSDOL funding opportunities at the following link:

<https://dol.ny.gov/funding-opportunities-0>.

- 7) **We currently have three (3) active NYS RA programs. Do we need to complete three (3) separate applications for the tax credit; one for each program?**

Yes, one Employer Application is required for each program/trade.

- 8) **Are NYS RA programs currently on probation eligible to apply for the ESATC Tax Credit?**

Yes, both Active and Probationary programs are eligible to apply for the ESATC Tax Credit.

- 9) **Is this tax credit refundable or non-refundable?**

The ESATC is a refundable tax credit as described on the NYS Tax Department's website listing [Credits Effective for Tax Years Beginning On or After January 1, 2018](#).

10) I am a signatory with a Sheet Metal workers union and use apprentices. Am I able to get this tax credit?

The Empire State Apprenticeship Tax Credit is not available to programs in the construction trades; unless the trade is used for the upkeep and maintenance of a facility owned by the apprentice's employer, such as plant maintenance trades. Sheetmetal workers would not be eligible for this tax credit.

11) Can employees be claimed for the tax credit if they are not new hires, but are promoted from within and are new to the apprenticeship program?

Yes, you can apply for the tax credit as long as the new apprentices were registered and started working in the apprenticeship program on or after January 1, 2018.

12) What is the definition of "construction" for this tax credit?

Construction means constructing, reconstructing, altering, maintaining, moving, rehabilitating, repairing, renovating, fabricating, servicing, or demolition of any building, structure, or improvement, or component, or relating to the excavation of or other development or improvement to land. Registered Apprenticeship programs in the field of construction are not eligible unless the trade is to be used for the upkeep and maintenance of a facility owned by the business entity employing the apprentice, such as plant maintenance trades.

13) Can a Mentor provide their services to multiple Apprentice's at the same time for this tax credit?

Yes, a Mentor can serve multiple apprentices simultaneously.

14) Once I receive the Final certificate what should we do?

You should have received a certificate for each program that has an apprentice(s) that was deemed qualified for the tax credit. Please retain the Final Certificate of Tax Credit, including Part A, with your tax records as you will need it when filing your taxes. Part A, on your Final Certificate of Tax Credit reflects the credit for each apprentice based on their year in the apprenticeship program as of the year end date.

15) What if we have a pending application with NYSDOL to have a Register Apprenticeship Program? Would we be eligible for the ESATC Tax Credit?

To be eligible for this credit, programs must have been approved (with apprentices enrolled and working) by July 1, of the tax year you are applying for to meet the six-months of full-time employment requirement for this year.

16) If a company with eligible apprentices doesn't apply this year for the credit, does that prevent them from applying in the future?

They can apply each year for that tax year that the tax credit is available, regardless of if they applied the year prior.

17) I was wondering if we were to apply for the Apprenticeship Expansion Grant (AEG-4), would that make us ineligible to apply for the Empire State Apprenticeship Tax Credit?

The ESATC provides eligible employers with tax credits. AEG-4 is a grant RFA. They are two separate funding opportunities.

Any specific questions regarding the AEG-4 RFA can be submitted via electronic mail to WDTD.Onestop@labor.ny.gov.