



Empire State Apprenticeship Tax Credit Program

Apprenticeship is the time-honored approach to training skilled workers through a combination of on-the-job training and classroom instruction. The Empire State Apprenticeship Tax Credit Program (ESATC) encourages the expansion of apprenticeship as a work-based learning model.

What is the Empire State Apprenticeship Tax Credit Program?

The ESATC provides tax credits to certified New York State (NYS) Registered Apprenticeship (RA) program sponsors for hiring new qualified apprentices on or after January 1, 2018. The tax credit is available through 2022. A certified employer will be entitled to tax credits against income or franchise tax for each qualified apprentice. 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.

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

Who is Eligible to Apply for the ESATC Tax Credit?

To become certified, you must be a qualified employer. A qualified employer is a sponsor (or for group programs, approved participating signatory employers) of an active NYS RA program. If you are not already a NYS RA sponsor, please contact the New York State Department of Labor to establish a RA program.

Go to: <https://labor.ny.gov/apprenticeship/contactus.shtm>.

If funds become limited, the Commissioner of Labor may give priority to newly established programs or programs in specific growth industries.

What Apprenticeship Industries and Occupations Are Eligible to Apply?

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

Who is a Qualified Apprentice?

A qualified apprentice is an individual that:

- is enrolled in a NYS RA program for the Apprentice Tax Credit or the Disadvantaged Youth Tax Credit;
- is a newly registered apprentice with 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 tax year.

Apprentices cannot be claimed for the ESATC if they remain in a RA program beyond one year of their expected completion date.

What Are the ESATC Tax Credit Amounts?

A certified employer may be entitled to one of the following tax credits for each year a qualified apprentice participates in the ESATC program:

Apprentice Tax Credit:

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

Or

Disadvantaged Youth Tax Credit:

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

Mentor Tax Credit:

- An additional tax credit of \$500 for each apprentice who is counseled by a Mentor for the full calendar 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 participating 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 does not perform the same functions as the supervisor/journey worker. Instead, a Mentor aids the apprentice with other wrap-around support services to ensure the apprentice completes the program and stays employed.

How Do Employers Apply to Become Certified?

Submit a preliminary application to determine if you are eligible and the amount of your maximum tax credit. Applications are available online at: <https://www.labor.ny.gov/apprenticeship/empire-state-tax-credit.shtm>.

When Are Applications Due?

The Department of Labor must receive your application by December 31st each year.

What Are the Next Steps?

- You must submit an annual final report by December 31st each year to verify that you have met all eligibility requirements.
- The Department of Labor will determine if all of the required information is included. If so, the Department will then compute the actual amount of credit allowed and issue a Final Certificate of Tax Credit.

What If I Have Questions?

For more information about the program or for help with the application, call 877-226-5724 or e-mail ESATC@labor.ny.gov.