

BUSINESS LINK: TAX CREDITS

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Lower Your Company's Labor Costs

Employers doing business in New York can lower their labor costs by taking advantage of several New York State workforce and economic development programs. Employment-based tax credits are designed to lower federal and state liability, translating into savings for the employer. You may obtain tax credit savings from \$1,500 to \$9,000 by simply hiring one targeted worker for you company.

New York State Employment Incentives and Tax Credits

Businesses located and certified in one of New York State's 72 Empire Zones (EZ) [including East New York and East Harlem, among others] enjoy a variety of employment-based and corporate incentives, which can reduce their state tax liability to zero. The EZ wage tax credit provides a \$1,500 new-hire credit for expanding businesses for up to five years, providing the individual remains within the business. If the new hire meets the criteria as a "targeted employee" and the hourly wages exceed 135 percent of New York State minimum wage, the credit doubles to \$3,000 per hire. The credit increases by \$500 for hires made in investment zones for jobs paying \$40,000 or more.

Workers with Disabilities Employment Tax Credit (WETC)

Businesses that employ individuals who obtain, or have received, vocational rehabilitation services may earn an additional \$2,100 in state tax credits.

The Work Opportunity Tax Credit (WOTC)

Employers who hire WOTC-qualified employees are eligible for one-time credits totaling up to \$2,400 for each hire. The credit increases to 40% of the first \$10,000 in qualified first year wages, and 50% for qualified second year wages for hires from Long-Term Family Assistance (LTFA) recipients (formerly Welfare-to-Work) a total of up to \$9,000 for the two year period. To qualify for the full credit the WOTC-certified employee must work a minimum of 400 hours for the employer.

For employees working at least 120 hours but less than 400 hours in the 12 month period, the credit is reduced to 25% of first year qualified wages. Part time work is allowed for both WOTC categories.

For summer youth hires, there is a credit of 40% of the first \$3,000 in any 90-day period between May 1 and September 15 for a maximum credit of \$750. The employee, certified as a Summer Youth, must work at least 120 hours for the employer.

Who Qualifies for WOTC?

To qualify employers for the credit, hired individuals must be verified as members of a targeted group. The groups include Temporary Assistance for Needy Families (TANF) recipients, disabled individuals, residents of federal empowerment zones or renewal communities, ex-felons, Social Security Insurance recipients, low-income individuals ages 18-24 receiving food stamps and Hurricane Katrina survivors. To read more visit <http://www.doleta.gov/>

To Learn More and To Apply For tax Credits

To learn more, contact the New York State Department of Labor at 1-800-HIRE-992, or go to www.labor.state.ny.us

To apply for the WOTC credit, employers must file forms IRS 8850 and USDOL ETA 9061 within **28 days** of the first date of work.

The forms must be sent to:

NYS Department of Labor, Attention: EDSU
Room 200, Building 12
State Office Campus
Albany, NY 12240