

## 2014 EMPLOYMENT-BASED TAX CREDITS AVAILABLE FOR NEW YORK EMPLOYERS

Effective January 2014, New York State employers may avail themselves of three employment-based tax credits when hiring military veterans, minimum wage employees, and youths.

### “HIRE A VETERAN CREDIT”

To qualify for the “Hire a Veteran Credit” an “eligible taxpayer” must:

- 1) hire a “qualified veteran” who begins employment on or after January 1, 2014, but before January 1, 2016; and
- 2) employ the qualified veteran in New York State for one year or more for at least 35 hours each week.

The credit is available on wages paid during the first full year of employment, and may only be claimed once for each veteran. The credit is non-refundable. A non-refundable tax credit can reduce taxes owed to zero, but cannot be used to get a refund, but may be carried forward for three years. Generally, an “eligible taxpayer” is a sole proprietorship, a corporation (including a New York S corporation), a limited liability company, or a partnership.

### Amount of the Credit

The amount of the credit depends on whether the qualified veteran is also a disabled veteran. If the qualified veteran is not a disabled veteran, the amount of the credit is equal to 10%

### THE BOTTOM LINE

The New York State Department of Taxation and Finance released guidance on three employment-based tax credits, including a new minimum wage reimbursement tax credit intended to offset the cost to employers for an increase in the state minimum wage. These employment-based tax credits took effect January 1, 2014. Employers should be aware that there are additional rules and requirements applicable to each tax credit program.

of the total wages paid to the veteran during the first full year of employment, but not more than \$5,000. If the qualified veteran is a disabled veteran, the amount of the credit is equal to 15% of the total wages paid to the veteran during the first full-year of employment, but not more than \$15,000.

A qualified veteran is any individual who:

- 1) served on active duty or in the reserves in the U.S. Army, Air Force, Marine Corps, or Coast Guard, or who served in active military service of the United States as a member of the Army National Guard, Air National Guard, New York Guard, or New York Navel Militia and who was released from active duty by general

or honorable discharge after September 11, 2001; and,

- 2) can certify that he or she has not been employed for 35 or more hours during the six months immediately preceding his or her employment with the employer.

A “disabled veteran” is an individual who meets the requirements of a qualified veteran. In addition, he or she is certified by the United States Department of Veterans Affairs or a military department as entitled to receive disability payments. He or she must obtain certification – by the Department of Veterans Affairs or a military department – that the disability was incurred by the veteran in time of war, and present the certification at the time of hiring.

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The “Hire a Veteran Credit” may be claimed for tax years beginning on or after January 1, 2015, but before January 1, 2017. The eligible taxpayer must claim the credit in the tax year in which a qualified veteran completes one year of employment.

### MINIMUM WAGE REIMBURSEMENT CREDIT

Under the “Minimum Wage Reimbursement Credit” a taxpayer, who is an “eligible employer,” is allowed a credit equal to the number of hours worked by eligible employees who are paid the New York minimum wage. The credit is refundable. A refundable tax credit can reduce taxes owed below zero and provide a refund if the credit exceeds the amount of tax liability, and is available for tax years beginning on or after January 1, 2014, and before January 1, 2019. An eligible employer is a sole proprietorship, a corporation (including a New York S corporation), a limited liability company, or a partnership. It is worth noting that this credit is not applicable to employees covered by the 2013 New York State Department of Labor Hospitality Industry Wage Order.

### Amount of the Credit

The amount of the credit is equal to the number of hours worked by minimum-wage employees of an eligible employer, multiplied by a tax credit rate of \$0.75 for the 2014 tax year; \$1.31 for the 2015 tax year; and, \$1.35 for tax years 2016 through 2019. The credit may be claimed by an eligible employer or an owner of an eligible employer.

An “eligible employee” is an employee who is:

- 1) employed by an eligible employer in New York State;
- 2) paid at the minimum wage rate, during some part of the taxable year by the eligible employer;
- 3) at least 16 but not yet 20 years of age; and,
- 4) a student during the period he or she is paid at the New York minimum wage rate by the eligible employer. For purposes of this credit, a student is an individual who is currently enrolled full-time or part-time in an eligible educational institution located inside or outside New York State.

New higher thresholds for annual financial reporting with the Attorney General

Pursuant to revisions to the Executive Law, gross revenue thresholds for requiring audited financial statements of corporations registered with the Attorney General are raised from \$250,000 to \$500,000, with subsequent increases to \$750,000 (effective in 2017) and \$1,000,000 (effective in 2021).

### NEW YORK YOUTH WORKS TAX CREDIT PROGRAM

The New York Youth Works Tax Credit Program was expanded in 2013, to provide corporate and income tax incentives to qualified businesses employing at-risk youths, and has been extended through the 2017 tax year.

### Amount of the Credit

The amount of the credit is:

- 1) \$500 per month for each qualified employee employed full time or \$250 per month for up to six months for each qualified employee employed in a part-time job of at least 20 hours per week; and,

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2) \$1,000 per month for each qualified employee who is employed for at least an additional six months in a full time job, and \$500 for each qualified employee employed for at least an additional six months in a part-time job of at least 20 hours per week.

To participate in the program, an employer must submit an application to the Department of Labor from January 1, 2014 to November 30, 2014 of the program year, and a qualified employee must start employment on or after January 1 but no later than December 31 of each program year.

#### FOR MORE INFORMATION

Brian Gallagher  
Partner, Taxation  
212.468.4816  
bgallagher@dglaw.com

Alan Hahn  
Partner, Benefits & Compensation  
212.468.4832  
ahahn@dglaw.com

A. Derek Nelson  
Counsel, Benefits & Compensation  
212.468.4887  
anelson@dglaw.com

or the D&G attorney with whom you  
have regular contact.

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Davis & Gilbert LLP

T: 212.468.4800

1740 Broadway, New York, NY 10019

[www.dglaw.com](http://www.dglaw.com)

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