

Tax Incentives

Lower Your 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 \$750 to \$9,000 by simply hiring one targeted worker for your company.

Federal Targeted Tax Credits

The Work Opportunity Tax Credit (WOTC) offers employers up to \$2,400 in federal tax savings for hiring individuals with barriers to employment. Qualified individuals must work at least 120 hours to qualify for the partial WOTC credit of \$1,500 and over 400 hours to qualify for the full \$2,400 credit.

The Disabled Veterans Credit for hiring disabled veterans, who are either recently discharged from active duty or have been unemployed for 6 of the last 12 months, now totals up to \$4,800. This credit is 40 percent of the first \$12,000 in first year wages for those employed 400 or more hours. A partial credit, 25 percent of the first \$12,000 in wages, is available for employees working between 120 and 399 hours.

The Long-Term Family Assistance WOTC (LTFA) complements the standard WOTC credit and provides incentives totaling up to \$9,000 in reduced federal taxes for helping a long-term public assistance recipient transition into a job. The individual must complete at least 120 hours of work to qualify for a partial WOTC-LTFA credit of \$2,500 or work over 400 hours to qualify for the full credit. In both cases, part-time work is allowed, making this a very flexible workforce tool.

Who Qualifies for WOTC?

To qualify employers for the credit, 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, renewal communities or rural counties, ex-felons, Supplemental Security Income (SSI) recipients, individuals ages 18-39, or veterans receiving the Supplemental Nutrition Assistance Program (SNAP), Long-Term Family Assistance recipients, unemployed veterans and disconnected youth.

New York State Employment Incentives and Tax Credits

Businesses located and certified in one of New York State's Empire Zones (EZ) 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 with 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 credit is available during the second year of employment and may be combined with the WOTC and EZ credits.

How to Apply for Credits

Contact the New York State Labor Department at 1-888-4-NYSDOL for information.