



# Instructions for Form CT-646

## Employee Training Incentive Program Tax Credit

**CT-646-I**

### General information

For tax years beginning on or after January 1, 2015, the employee training incentive program tax credit is available to eligible taxpayers who are approved to participate in the Employee Training Incentive Program (E-TIP) by Empire State Development (ESD). The program provides a tax credit to New York State employers for training investments that upgrade, retrain, or improve the productivity of their employees or for approved internship programs that provide training in advanced technologies, life sciences, software development, or clean energy.

The program is administered by ESD. A business entity must submit a completed application to ESD to participate in the program. For more information about the program and the application process, visit ESD's website (at [www.esd.ny.gov](http://www.esd.ny.gov)).

To participate in the program, a business entity must satisfy one of the two following sets of criteria:

1. The business entity:
    - (a) must operate in New York State predominantly in a strategic industry;
    - (b) must demonstrate that it is conducting eligible training or obtaining eligible training from an approved provider;
    - (c) must make a significant capital investment in connection with the eligible training;
    - (d) must be in compliance with all worker protection and environmental laws and regulations; and
    - (e) may not owe past due state taxes or local property taxes.
- or
2. (a) The business entity or an approved provider in contract with such business must be approved by ESD to provide eligible training in the form of an internship program in advanced technology, life sciences, software development, or clean energy; and
  - (b) The business entity:
    - (i) must be located in New York State;
    - (ii) must be in compliance with all worker protection and environmental laws and regulations;
    - (iii) may not owe past due state taxes or local property taxes; and
    - (iv) must have fewer than 100 employees.

In addition, the internship program **must not** displace regular employees, and the participation of an individual in an internship program must not last more than a total of 12 months.

### Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Tax Law Article 9-A or 22;
- you are an approved participant or are the owner of an approved participant in the E-TIP under Economic Development Law (EDL) Article 22; and
- you have received or are the owner of a business entity that has received a certificate of tax credit issued by ESD.

### Credit information

The credit is equal to 50% of a taxpayer's eligible training costs, up to a credit of \$10,000 per employee who completed eligible training, plus 50% of the stipend paid to an intern, up to a credit of \$3,000 per intern who completed the eligible training.

The credit will be allowed for the tax year in which the eligible training is completed.

The credit allowed cannot be greater than the amount of credit listed on the certificate of tax credit issued by ESD, or in the case of a partner in a partnership or a member of a limited liability company (LLC), its pro rata share of the amount of credit listed on the E-TIP certificate of tax credit issued to the partnership or LLC.

The credit may not reduce the tax below the fixed dollar minimum tax.

Any unused amount of credit for the current tax year will be treated as an overpayment of tax to be refunded or credited to next year's tax. Interest will not be paid on the refund or overpayment.

The credit is not allowed against the metropolitan transportation business tax (MTA surcharge) under Article 9-A.

### Line instructions

**Additional forms:** If you have more entries than will fit on the lines provided in Schedule B, submit additional Forms CT-646, completing only the necessary schedule. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form CT-646, include the totals from all additional Forms CT-646. Place the extra forms behind the first Form CT-646 and submit them with your return.

### Schedule A – Calculation of credit

**Line 1** – Enter the total credit amount from the certificate of tax credit issued by ESD and submit a copy of the certificate. The amount entered cannot exceed the amount shown on your certificate of tax credit.

### Schedule B – Partnership information

If you were a partner in a partnership and received a share of the E-TIP tax credit from that entity, complete this schedule. Enter the name, employer identification number (EIN), and credit amount passed through to you from each partnership. Also, mark an **X** in box A at the top of the form. Obtain this information from the partnership(s) allocating the credit to you. If needed, see *Additional forms*.

### Line 3

**New York S corporations:** Transfer this amount to the applicable line of Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their pro rata share of this line. The shareholders will file Form IT-646, *Employee Training Incentive Program Tax Credit*, to claim this credit on their New York State personal income tax returns.

**Schedule C – Calculation of credit used, refunded, or credited as an overpayment to the next tax year** (*New York S corporations: Do not complete this schedule.*)

**Lines 4 and 7 entries table**

If you filed	Enter on line 4 any net recapture of other tax credits, plus the amount from	Enter on line 7 the fixed dollar minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c
Form CT-3-A	Part 2, line 2	Part 2, line 1c

**Line 4** – Enter your tax due before credits using the *Lines 4 and 7 entries table* above.

**Line 5** – If you are claiming more than one tax credit for this year, enter the total amount of credits claimed before applying this credit; otherwise enter **0**. Tax credits must be applied in a certain order. See Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*, for the correct order of credits.

If filing as a member of a combined group, include any amount of tax credit(s), including the E-TIP tax credit, claimed by other members of the combined group that you want to apply before this credit.

**Line 7** – Enter your fixed dollar minimum tax using the *Lines 4 and 7 entries table* above.

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