



# Instructions for Form IT-646

## Employee Training Incentive Program Tax Credit

**IT-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.

Individuals (including sole proprietors), estates and trusts, shareholders of an S corporation, partners in a partnership (including members of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes), and beneficiaries of an estate or trust may claim the credit.

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.

A taxpayer that has been issued an E-TIP certificate of tax credit by ESD will be allowed to claim the credit. A copy of the certificate of tax credit must be submitted with the taxpayer's tax return.

### 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 for 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 an LLC, or a shareholder of an S corporation, its pro rata share of the amount of credit listed on the E-TIP certificate of tax credit issued to the partnership, LLC, or S corporation.

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

### How to claim the credit

File Form IT-646 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you are claiming the E-TIP tax credit.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-646 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-646 with Form IT-204, *Partnership Return*, showing the total credit.

A New York S corporation does not file Form IT-646. It must file Form CT-646, *Employee Training Incentive Program Tax Credit*. If you are a shareholder of an S corporation, obtain your share of the E-TIP tax credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

### Specific instructions

Use the instructions below to determine which schedules of this form you should complete. **If more than one set of instructions applies, follow all the instructions that apply to you.**

**Individual (including sole proprietor) and partnership:**  
Complete Schedules A and D.

**A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return:** If you file jointly, calculate your credit as if you were filing one federal Schedule C for the business. Complete Schedules A and D.

**Fiduciary:** Complete Schedules A, C, and D.

**Partner in a partnership, shareholder of a New York S corporation, and beneficiary of an estate or trust:** Complete Schedules B and D.

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

### **Schedule A – Individual (including sole proprietor), partnership, and estate or trust**

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

### **Schedule B – Partner’s, shareholder’s, or beneficiary’s share of credit**

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. Obtain your share of the credit from your partnership(s), S corporation, estate or trust. If needed, see *Additional forms*.

### **Schedule C – Beneficiary’s and fiduciary’s share of credit**

An estate or trust must complete Schedule C. If an estate or trust allocates or assigns the credit to its beneficiaries, it must base the division on each beneficiary’s proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit. If needed, see *Additional forms*.

### **Schedule D – Calculation of credit**

Complete lines 8, 9, and 10 (whichever apply to you).

**Fiduciaries:** Do not enter any amounts on lines 8 or 9.

**Line 11** – Enter the amount and code **646** on Form IT-201-ATT, line 12, Form IT-203-ATT, line 12 or Form IT-204, line 147; or include it on Form IT-205, line 33.

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