



Summary of Budget Bill Corporation Tax Changes Enacted in 2013 - Effective for Tax Years After 2013

This memorandum contains a summary of the corporation tax changes that are part of the 2013-2014 New York State budget (Chapter 59 of the Laws of 2013). The changes contained in this memorandum take effect in tax years after 2013. For a summary of budget bill corporation tax changes that take effect in tax year 2013, see [TSB-M-13\(6\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2013 - Effective for Tax Years 2013 and After*.

The following legislative changes are summarized in this memo:

- [Hire a Veteran Credit](#)
- [Minimum Wage Reimbursement Credit](#)
- [New York Youth Works Tax Credit Program](#)
- [Qualified New York Manufacturers Tax Reduction](#)

Hire A Veteran Credit (Articles 9-A, 22, 32, and 33)

Chapter 59 of the Laws of 2013 (Part AA) establishes a nonrefundable credit for the hiring and employing of qualified veterans. To qualify for the credit, a taxpayer must:

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

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

A taxpayer who uses the hiring of a qualified veteran as the basis for this credit may not use this same hiring as the basis for any other credit allowed under Article 9-A, 22, 32 or 33 of the Tax Law. Also, a taxpayer who discharges an employee and hires a qualified veteran solely for the purpose of qualifying for this credit is not eligible to claim the credit for any qualified veteran.

For more information, see [TSB-M-13\(9\)C, \(8\)I](#), *Hire a Veteran Credit*.
(Tax Law sections 210.23-a, 606(a-2), 606(i)(1)(B)(xxxv), 1456(e-1), 1511(g-1))

Minimum Wage Reimbursement Credit (Articles 9, 9-A, 22, 32 and 33)

Chapter 59 of the Laws of 2013 (Part EE) amended the Tax Law to provide for the minimum wage reimbursement credit. Taxpayers who are eligible employers or owners of eligible employers are allowed a refundable credit equal to the number of hours worked by eligible employees for which they are paid the New York minimum wage multiplied by the applicable tax credit rate. The credit is available for tax years beginning on or after January 1, 2014, and before January 1, 2019.

An eligible employee who is used as the basis for this credit may not be used as the basis for any other credit allowed under the Tax Law. Also, an eligible employer who discharges an ineligible employee and replaces that employee with an eligible employee solely for the purpose of qualifying for the credit does not qualify to claim the credit for any eligible employee.

For more information, see [TSB-M-13\(8\)C, \(7\)I](#), *Minimum Wage Reimbursement Credit*.

(Tax Law sections 38, 187-s, 210.46, 606(aaa), 606(i)(1)(B)(xxxv), 1456(z) and 1511(cc))

New York Youth Works Tax Credit Program (Articles 9-A and 22)

The New York Youth Works Tax Credit Program was established to provide tax incentives to qualified businesses employing at-risk youths in full-time and part-time positions. The program is administered by the Department of Labor.

Chapter 59 of the Laws of 2013 (Part DD) made several additional amendments to the Labor Law that expand the tax credit program by reducing the city population threshold, extending the allocations for the program through 2017, and providing separate credit allocations for each of the four additional program years.

For more information, see [TSB-M-13\(10\)C, 13\(9\)I](#), *Extension and Expansion of the New York Youth Works Tax Credit Program*.

(Labor Law section 25-a and Tax Law sections 210.44 and 606(tt))

Qualified New York Manufacturers Tax Reduction (Article 9-A)

Chapter 59 of the Laws of 2013 (Part Z) amended the Tax Law to phase in a tax reduction for qualified New York manufacturers. The amendments reduce the tax rates applicable to the entire net income, capital, and minimum taxable income bases, and also reduce each of the fixed-dollar minimum amounts. The reductions are applied to the rates, or to the amounts in the case of the fixed-dollar minimum tax, in effect for tax years beginning on or after

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January 1, 2013, and before January 1, 2014. The reduced rates and amounts apply to tax years beginning on or after January 1, 2014.

The rate or the amount is reduced in accordance with the following schedule:

Tax year(s) beginning in:	Rate or amount reduction on each tax base
2014	9.2%
2015	12.3%
2016 and 2017	15.4%
January 1, 2018 and after	25.0%

A *qualified New York manufacturer* is a manufacturer that either (1) has property in New York State of the type described for the investment tax credit under Tax Law section 210.12(b)(i)(A)¹ that has an adjusted basis for federal income tax purposes of at least one million dollars at the end of the tax year; or (2) has all its real and personal property in New York State. In addition, a qualified emerging technology company (QETC), as defined in section 3102-e of the Public Authorities Law (determined without regard to the \$10 million limitation contained in section 3102-e(1)(c)(1) of that law), is a qualified New York manufacturer. A combined group may be considered a QETC and meet the definition of a qualified New York manufacturer if all members of the group meet the definition of a QETC (as described in the previous sentence).

A *manufacturer* is defined in the law as a taxpayer that during the taxable year is principally engaged in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing. However, the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity are not qualifying activities for a manufacturer under this definition. A combined group is considered a manufacturer for purposes of this subparagraph only if the combined group during the taxable year is principally engaged in the activities or any combination of activities set forth in this definition. A taxpayer or combined group is principally engaged in activities described above if, during that taxable year, more than 50% of the gross receipts of the taxpayer or combined group, respectively, are derived from receipts from the sale of goods produced by such activities. In computing a combined group's gross receipts, intercorporate receipts are eliminated.

(Tax Law sections 210.1(a)(vii), 210.1(b)(3), 210.1(c)(iii), and 210.1(d)(6))

¹ Tangible personal property and other tangible property, including buildings and structural components of buildings, which are: depreciable pursuant to section 167 of the Internal Revenue Code (IRC), have a useful life of four years or more, are acquired by purchase as defined in section 179(d) of the IRC, have a situs in the state and are principally used by the taxpayer in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture or commercial fishing.

Note: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.