



## 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 \$1,500 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 low-income individuals with barriers to employment. Qualified individuals must complete at least 120 hours of work 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, totals up to \$4,000. The new credit is 40 percent of the first \$12,000 in first year wages for those employed 400 or more hours. A partial credit, 25% of the first \$12,000 in wages is available for employees working between 120-399 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 \$2,250 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, Social Security Insurance recipients, low-income individuals ages 18-39 receiving Food Stamps and Long-Term Family Assistance recipients.

### 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 1-800-HIRE-992 for information.