

Credits & Incentives Update: New York's Veteran Hiring Credit

February 3, 2014

Overview

In 2013 New York Governor Cuomo signed legislation that allocated \$74 million to provide a nonrefundable veteran hiring credit to be applied against tax imposed under Article 9-A (corporations), Article 22 (personal income tax), Article 32 (banking corporations), and Article 33 (insurance corporations) for taxable years beginning on or after January 1, 2015 and before January 1, 2017.¹ To qualify for the credit, businesses must hire and employ certain post-9/11 veterans who commence employment on or after January 1, 2014 and before January 1, 2016.² The amount of the tax credit is capped at \$5,000 for each qualified *non-disabled* post-9/11 veteran and at \$15,000 for each qualified *disabled* post-9/11 veteran.³ In this Tax Alert we suggest some considerations for taxpayers that may potentially benefit from the New York veteran hiring credit and similar credits offered by other states.⁴

Considerations

Taxpayers may wish to take a closer look at their hiring plans, including those plans that involve the hiring of veterans. To the extent a taxpayer is planning to hire employees, even if only to replace employees lost to attrition, the following information may be relevant:

- Is the taxpayer currently taking advantage of state or federal employee hiring credits?
- In what states does the taxpayer anticipate hiring employees? New York is not the only state that has a veterans-hiring credit or a generally-applicable employee hiring credit.
- Does the taxpayer anticipate hiring veterans?

In order to claim the New York veteran hiring credit, the taxpayer must have the qualified veteran complete and sign required documentation on or before the date that the veteran begins employment.⁵ Also, the taxpayer must hire and employ the qualified veteran for not less than one year and for not less than 35 hours each week.⁶

Contacts

If you have questions regarding New York's tax credit for employers that hire post-9/11 veterans or similar programs, please contact any of the following Deloitte Tax professionals.

Kevin Potter
Director
Deloitte Tax LLP, New York
kevpotter@deloitte.com
(212) 492-3630

Michael Locascio
Director
Deloitte Tax LLP, San Francisco
mlocascio@deloitte.com
(415) 783-6041

Bart Butler
Senior Manager
Deloitte Tax LLP, Dallas
bbutler@deloitte.com
(214) 840-1188

¹ N.Y. Tax Law § 210.23-a(a); N.Y. St. Dept. of Tax. & Fin., Tech. Memo. No. TSB-M-13(9)C, (8)I (Dec. 30, 2013).

² N.Y. Tax Law § 210.23-a(b). Among other requirements specified in N.Y. Tax Law § 210.23-a(b), a "post-9/11 veteran" is an individual who served "on active duty in the United States army, navy, air force, marine corps, coast guard or the reserves thereof, or who served in active military service of the United States as a member of the army national guard, air national guard, New York guard or New York naval militia; who was released from active duty by general or honorable discharge after September eleventh, two thousand one"

³ N.Y. Tax Law § 210.23-a(d).

⁴ Note that the New York veteran hiring credit is in addition to the federal Work Opportunity Tax Credit ("WOTC"). Originally adopted in 1981, the WOTC is a federal income tax credit of up to \$9,600 for each qualified newly hired employee that falls into one of eight targeted groups. See, IRC §51(a),(b). The WOTC expired at the end of 2013. It is uncertain whether the WOTC will be extended and, if extended, whether the extension will be retroactive (although in the last 30 years it has been repeatedly extended retroactively).

⁵ N.Y. St. Dept. of Tax. & Fin., Tech. Memo. No. TSB-M-13(9)C, (8)I (Dec. 30, 2013).

⁶ N.Y. Tax Law § 210.23-a(a).

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