



Instructions for Form IT-644

Workers with Disabilities Tax Credit

IT-644-I

General information

For tax years beginning on or after January 1, 2015, the workers with disabilities tax credit is available to qualified employers subject to tax under Article 9-A or 22, who are approved to participate in the Workers with Disabilities Tax Credit Program. This program provides a tax credit to qualified employers for employing individuals with disabilities within New York State (NYS) and is administered by the NYS Department of Labor (DOL). Taxpayers must submit an application to DOL to participate in the program, and if eligible will receive a final *Certificate of Eligibility* annually specifying the maximum amount of the credit allowed for that tax year. Use the information provided on the final certificate to complete this form. For more information on this program, visit DOL's website at www.labor.ny.gov.

Individuals (including sole proprietors), estates and trusts, shareholders of an S corporation, partners in a partnership (including a member 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 on Form IT-644.

Eligibility

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

- you or your business is a participant in the Workers with Disabilities Tax Credit Program;
- you or your business paid qualified wages, to a qualified employee; and
- you or your business has received the final *Certificate of Eligibility* from DOL.

You must submit a copy of the final *Certificate of Eligibility* issued to you by DOL with your return for each tax year for which the credit is claimed.

If you claim the employment of persons with disabilities credit by filing Form IT-251, *Credit for Employment of Persons with Disabilities*, you are not eligible to claim the workers with disabilities tax credit.

Credit information

The credit is equal to 15% of the qualified wages paid during the tax year to a qualified full-time employee who works at least six months for at least 30 hours per week and 10% of the qualified wages paid during the tax year to a qualified part-time employee who works at least six months for at least eight hours per week.

The maximum amount of credit allowed per qualified employee for any tax year is \$5,000 for a full-time employee and \$2,500 for a part-time employee.

The credit cannot exceed the amount of the credit listed on the final *Certificate of Eligibility*.

This credit is not refundable. However, if the amount of credit exceeds your tax for the current tax year, you may carry forward the excess to the following three years.

Who must file

File Form IT-644 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership, or

a shareholder of an S corporation, and you are claiming the workers with disabilities tax credit.

An estate or trust that divides the credit among itself and its beneficiaries must file Form IT-644 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-644 with Form IT-204, *Partnership Return*, showing the total credit.

An S corporation does not file Form IT-644. It must file Form CT-644. If you are a shareholder of an S corporation that has made the election under Tax Law section 660, obtain your share of the S corporation's credit from the S corporation and follow the instructions on this form for claiming your credit on your personal income tax return.

Definitions

A *qualified employer* is an employer that has been certified by DOL to participate in the Workers with Disabilities Tax Credit Program and employs one or more qualified employees.

A *qualified employee* is an employee who:

- is deemed to have a developmental disability as defined in Mental Hygiene Law and is certified by the State Education Department or Office for People With Developmental Disabilities as a person with a disability that constitutes or results in a substantial handicap to employment;
- is a current employee of a sheltered workshop (segregated from others) **or** who was unemployed for at least three months prior to January 1, 2015;
- has worked for the qualified employer in a full-time or part-time capacity that paid wages that are equivalent to wages paid for similar jobs, with appropriate adjustments for experience and training and for which no other employee has been terminated, or where the employer has not otherwise reduced its workforce by involuntary terminations with the intention of filling the vacancy by creating a new hire;
- has not worked for another entity related to the qualified employer within the past 24 months; and
- is employed at a location in NYS.

Qualified wages means wages paid or incurred by the qualified employer during the tax year to a qualified employee which are attributable, with respect to such employee, to services rendered by the qualified employee.

Specific instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Line A – Mark an **X** in the appropriate box to determine the parts of this form you need to complete. If you are claiming this credit **both** as an individual (sole proprietor), partnership, or fiduciary of an estate or trust that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the **Yes** box and complete all appropriate schedules on one Form IT-644.

Individual (including sole proprietor): Complete lines A through F, and Schedules A, D, and E.

Partnership: Complete lines A through F, and 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, compute your credit as if you were filing one federal Schedule C for the business (enter the total of all applicable amounts from both federal Schedule C forms). Complete lines A through F, and Schedules A, D, and E.

Fiduciary: Complete lines A through F, and Schedules A, C, D, and E.

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

Note: If more than one set of instructions applies to you, complete all of the appropriate parts of the form on one Form IT-644.

Lines B and C: Enter the name and employer identification number of the certified business as shown on the final *Certificate of Eligibility* issued by DOL.

Line F: Enter the allocation year shown on the final *Certificate of Eligibility* issued by DOL.

Additional sheets – If you have more entries than will fit on the lines provided in Schedule A, B, or C, attach additional sheets in the same format as the schedule. Include your name and taxpayer identification number on each sheet and submit them and Form IT-644 with your return.

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

Complete Part 1 for the qualified full-time employees who worked at least 6 months for at least 30 hours per week.

Complete Part 2 for the qualified part-time employees who worked at least 6 months for at least 8 hours per week.

Enter the qualified employee's name, Social Security number, hire date, and termination date (if applicable) as shown on your final *Certificate of Eligibility* received from DOL.

Column E – Enter the qualified wages paid during the tax year to the qualified employee.

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, or estate or trust. See *Additional sheets* above, if needed.

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. See *Additional sheets* above, if needed.

Schedule E – Application of credit and computation of carryover

Line 13

Form IT-201 filers: Enter the tax from Form IT-201, line 39, **plus** any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, **plus** any amount from Form IT-203-ATT, line 20.

Form IT-205 filers: Enter the tax from Form IT-205, line 8 (for residents), or line 9 (for nonresidents), **plus** any credits shown on line 1 of the *Addbacks worksheet* in the instructions for Form IT-205, line 12.

Line 14 – If you are applying any credits against the tax before this credit, enter the total amount here.

When applying credits, use the following rules:

- First apply the household credit.
- Next apply any credits that cannot be carried over or refunded.
- Then apply any credits that can be carried over for a limited duration.
- Then apply any credits that can be carried over for an unlimited duration.
- Apply refundable credits last.

Line 16 – Enter this amount and code **644** on Form IT-201-ATT, line 6; or Form IT-203-ATT, line 7; or include the amount on Form IT-205, line 10.

Line 18 – Enter any unused tax credit included on line 17 that has expired during this tax year and is no longer available to be carried forward.

Note: Any portion of the workers with disabilities tax credit earned in previous tax years that was not deducted can be carried forward for up to three tax years.
