

23. Income Tax Credit for Qualified Manufacturers

- a. Under the new law, “Qualified New York Manufacturers” are eligible to claim a refundable tax credit under the Franchise Tax (or personal income tax) equal to 20% of such manufacturer’s real property tax paid on property owner or under certain circumstances leased by such taxpayers.

The credit is also allowed for property taxes paid on real property leased from an unrelated third party if the taxes are paid pursuant to explicit requirements in a written lease and remitted directly to the taxing authority. The Article 9-A tax credit can reduce tax to \$25 while the Article 22 credit is refundable. The credit is effective for tax years beginning on or after January 1, 2014.

A taxpayer that claims the credit must add back to taxable income any amount of real property taxes deducted at the federal level.

Also, property taxes used as the basis for this credit may not be used for any other tax credit.

A “Qualified New York Manufacturer” is defined as “... a manufacturer which has property in New York which is described in clause (A) of subparagraph (i) of paragraph (b) of subdivision twelve of this section and either (I) the adjusted basis of such property for federal income tax purposes at the close of the taxable year is at least one million dollars or (II) all of its real and personal property is located in New York. In addition, a “Qualified New York Manufacturer” means a taxpayer defined as a qualified emerging technology company under paragraph (c) of subdivision one of section thirty-one hundred two-e of the public authorities law regardless of the \$10 million dollar limitation expressed in subparagraph one of such paragraph (c)”.

A manufacturer must also satisfy the existing receipts and property tests:

- At least 50% of receipts must be from manufacturing; and
- Either all or at least \$1 million of manufacturing property is in New York.

A manufacturer that fails the receipts test may still qualify if it employs at least 2,500 people in manufacturing in New York and has \$100 million in manufacturing property in the state.