



NEW YORK STATE COVID-19 CAPITAL COSTS TAX CREDIT PROGRAM

In recognition of the harsh impact of the COVID-19 pandemic, particularly on small businesses, Empire State Development (“ESD”), the chief economic development agency in New York State, along with Governor Kathy Hochul, announced on June 27, 2022 a new initiative to provide much-needed aid.

“Small businesses”, i.e., those with 100 or fewer employees, may be eligible for tax credits for costs incurred to increase safety during the COVID-19 pandemic. Eligible COVID-19-related costs include but are not limited to:

- Supplies to disinfect or protect against COVID-19 transmission
- Costs associated with expanding or defining space to accommodate social distancing
- HVAC equipment
- Expenses related to increased outdoor activity and outdoor space expansions
- Machinery and equipment to facilitate contactless sales



Eligible businesses can obtain tax credits of 50% of the maximum amount of eligible costs, i.e., \$50,000.00: as such, the maximum tax credit award will be \$25,000.00. These credits will be awarded on a “first come, first serve” basis until the funds in the program are depleted. “Eligible businesses” are those which:

- Operate a location in New York State;
- Have 100 or fewer employees;
- Have gross receipts of \$2.5 million or less in the 2021 tax year; and
- Have incurred “eligible costs” of at least \$2,000.00 between January 1, 2021 and December 31, 2022. (Costs incurred between January 1, 2021 and April 1, 2021 that were paid for with proceeds from the New York State COVID-19 Pandemic Small Business Recovery Grant Program ARE NOT eligible for tax credits under the COVID-19 Capital Costs Tax Credit Program).

Time Sensitive Aspect

To receive a tax credit on 2022 returns, businesses MUST receive a tax credit certificate from ESD on or before December 31, 2022. Any credits issued on or after January 1, 2023 will have to be claimed on 2023 returns.

Screening Process

Business which may benefit must first access the “screening tool” which is available in the “How to Apply” tab at: <https://esd.ny.gov/covid-19-capital-costs-tax-credit>. If deemed eligible by the screening tool, a link to the application will be provided when the program application opens.