



## NY COVID-19 Capital Costs Tax Credit Program

Written on August 4, 2022

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Under the approved 2022-2023 New York State Budget, small business owners may qualify for a state tax credit for certain costs stemming from the COVID-19 pandemic. The eligible tax credit is 50% of qualifying expenses up to a maximum of \$50,000 - thus a \$25,000 tax credit. The program is funded with \$250 million and is available on a first come, first served basis.

### Eligibility

The program is open to all small independently owned and operated business operating in New York State with 100 employees or less and gross receipts of less than \$2.5 million and must have incurred \$2,000 of qualifying expenses between January 1, 2021, and December 31, 2022. Qualified expenses must be paid on or before March 31, 2023.

A business entity is a sole proprietor, partnership, limited liability company or a corporation (C-Corp or S-Corp) with its own federal employer identification number or in the case of a sole proprietor a social security number.

A business must independently manage and control the day-to-day operations of its own business through its ownership and management, without undue influence by an outside entity or person that may have an ownership and/or financial interest in the management responsibilities of the small business. Independently owned does not include a publicly traded entity, or a small business that is five percent or more owned, directly, or indirectly, by a publicly traded entity.

Qualifying expenses include the following costs:

- supplies to disinfect and/or protect against COVID-19 transmission
- restocking of perishable goods to replace those lost during the COVID-19 pandemic
- physical barriers and sneeze guards
- hand sanitizer stations
- respiratory devices such as air purifier systems installed at the business entity's location
- signage related to the COVID-19 pandemic including, but not limited to, signage detailing vaccine and masking requirements, and social distancing
- materials required to define and/or protect space such as barriers
- materials needed to block off certain seats to allow for social distancing
- certain point of sale payment equipment to allow for contactless payment
- equipment and/or materials and supplies for new product lines in response to the COVID-19 pandemic
- software for online payment platforms to enable delivery or contactless purchases



- building construction and retrofits to accommodate social distancing and installation of air purifying equipment but not for costs for non-COVID-19 pandemic related capital renovations or general "closed for renovations" upgrades
- machinery and equipment to accommodate contactless sales
- materials to accommodate increased outdoor activity such as heat lamps, outdoor lighting, and materials related to outdoor space expansions; and
- other costs as determined by the department to be eligible under this section; provided, however, that "qualified COVID-19 capital costs" do not include any cost paid for with other COVID-19 grant funds as determined by the Commissioner

Other eligibility requirements include:

- Businesses must be in substantial compliance with New York State health Laws and directives
- Businesses must not owe past due state taxes or local property taxes unless business is making payments and complying with an approved binding agreement with the taxing authority.

Receiving federal assistance from the Payroll Protection Program (PPP) loan, Economic Injury Disaster Loan (EIDL) and Restaurant Revitalization Fund (RRF) does not disqualify a business from this program.

If a business received State assistance such as a New York Forward loan or a COVID-19 Pandemic Small Business Recovery grant, and those proceeds were used to pay for certain COVID-19 expenses, then those expenses would not qualify for this program.

## How to apply

First fill out a required eligibility screening tool to determine if your business qualifies for the program:

[https://formrouter.apps.esd.ny.gov/ccs@ESD/covid\\_cost\\_screening.html](https://formrouter.apps.esd.ny.gov/ccs@ESD/covid_cost_screening.html)

If your business qualifies, you will then be emailed a link to the application for completing and submitting along with documentation to show proof of expenses.

Authorized applicants will be notified when the application portal is open, and it is anticipated that the portal will be available in the fall of 2022.

## How to use the tax credit

You will receive a tax credit certificate and this certificate will be submitted with your tax return to claim the credit. The tax credit can be claimed in the taxable year in which the certificate is issued to your business.

## Assistance

If you believe that your business may qualify, please don't hesitate to reach out to your SKP professional for more guidance on this program, or for any of your accounting or tax needs.