

Regulations of Connecticut State Agencies

TITLE 12. Taxation

Agency

Department of Labor

Subject

Corporate Tax Credit in the Machine Tool and Metal Trade Apprenticeships

Inclusive Sections

§§ 12-217g-1—12-217g-10

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Corporate Tax Credit in the Machine Tool and Metal Trade Apprenticeships

Sec. 12-217g-1. Authority

This regulation is authorized by Public Act No. 79-475, as amended by Public Act No. 94-4, which provides a tax credit for Machine Tool and Metal Trade apprenticeship training against the corporation business tax imposed under Chapter 208 of the Connecticut General Statutes. The Commissioner of Labor is required to adopt regulations for the purpose of implementing this act.

(Effective March 24, 1995)

Sec. 12-217g-2. Definitions

(a) “Apprenticeship” means the establishment and continuance, under a qualified program, of one or more full time apprentice training positions within a pool of skilled workers whereby unskilled or semi-skilled persons are employed full time as apprentices under a written agreement.

(b) “Apprentice” means a person employed with a taxpayer receiving machine and metal trades skill training under a written agreement registered with the Commissioner which provides specific terms of apprenticeship and employment including, but not limited to, wage progression; specific hours of job training processes; hours and courses of school instruction which satisfactory completion thereof provides recognition as a qualified skilled worker.

(c) “Pre-Apprentice” means a person, student, or minor employed less than full time under a written agreement with an apprenticeship program sponsor for a term of training and employment not exceeding 2,000 hours within a two year period.

(d) “Commissioner” means the administrator of the State Labor Department who with the advice of the State Apprenticeship Council, executes apprenticeship policy and standards.

(e) “Council” means the twelve member Connecticut State Apprenticeship Council appointed by the Governor with equal representation from labor, management and the public sector including the Deputy Labor Commissioner. The Council advises the Commissioner regarding apprenticeship policies.

(f) “Taxpayer” means any corporation subject to taxes imposed under Chapter 208 of the Connecticut General Statutes.

(g) “Income Year” means a specific twelve month period conforming to a fiscal year established for tax purposes under Chapter 208 of the Connecticut General Statutes.

(h) “Qualified Program” means an apprenticeship program operating in the Machine and Metal trades and approved by the Connecticut Labor Department as meeting the Commissioner of Labor’s prescribed Work Training Standards for Apprenticeship and Training Programs.

(i) “Machine Tool and Metal Trades” means recognized metal working occupations in which satisfactory completion of an apprenticeship training program advances an apprentice to recognized skill job classifications in such operations as Machinist, Toolmaker, Tool and

Diemaker, Model Maker, Gage Maker, Patternmaker, Tool and Machine Setter, Diesinker, Moldmaker, Machine Tool Repairer and in similar occupations which as above involve multiple work processes including the shaping of metals by machine tool equipment designed to perform cutting, grinding, milling, turning, drilling, boring, planning, hobbing and abrading operations.

(Effective March 24, 1995)

Sec. 12-217g-3. Eligibility

Any taxpayer who employs a machine tool and metal trade apprentice duly enrolled and registered under the terms of a qualified program is entitled to a tax credit for each eligible apprentice of up to \$4,800.00 maximum or 50% of actual wages, whichever is less, provided such apprenticeships meet the following requirements:

(a) The tax credit is limited to qualified Machine Tool and Metal Trade programs with apprenticeship periods of duration which are not less than 4,000 hours (2 years) and not more than 8,000 hours (4 years).

(b) The apprentice must be employed on a full time basis which is defined as working a minimum of 120 hours per month at the trade. Up to 80 hours may be applied during the tax year against the 120 hour limitation.

(c) Pre-apprentices are not counted as apprenticeships begun and wages earned by pre-apprentices are not eligible for tax credits under this regulation.

(d) The number of apprenticeships for which tax credit is allowed must exceed the average number of such apprenticeships begun during the five preceding income years.

(Effective March 24, 1995)

Sec. 12-217g-4. Method of computation

(a) Determining number of eligible apprenticeships

(1) Total the number of months any apprentice was employed at least 120 hours in any one month during the current claim year and divide by twelve (12) which equals the apprentice level for the claim year.

(2) Total the number of months any apprentice was employed at least 120 hours in any month for the five tax years preceding the current claim year and divide by sixty (60) which equals the apprenticeship average.

(3) If the apprentice average is greater than the apprentice level for the claim year then no tax credit can be received. However, if the apprentice level for the year is greater than the apprentice average then the difference between these two numbers represents the eligible number of apprenticeships for which a tax credit can be received.

(b) Computing tax credit

(1) Convert the number in subsection (a) (3) of this section to specific apprentices employed in the claim year who were in the first half of their apprenticeship term.

(2) Multiply each hour worked by such apprentice by four dollars (\$4.00). Any work hours included in this computation for a specific claim year must be from the first half of

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an apprenticeship period only, except that for taxable years beginning on or after January 1, 1994, any work hours included in this computation for a specific year of a four-year term of apprenticeship must be only from the first three-quarters of the four-year term of apprenticeship. Work hours occurring in any other portion of an apprenticeship period are disallowed for purposes of this part.

(3) Claim tax credit based on the lesser of the following three amounts:

(A) Total number of hours worked in a claim year times \$4.00 as in subsection (b) (2) of this section.

(B) 50% of actual wages paid in claim year based on the first half of an apprenticeship period only.

(C) Maximum credit of \$4,800.00.

(Effective March 24, 1995)

Sec. 12-217g-5. Limitations

The amount of tax credit allowed any taxpayer under this section for any income year may not exceed the amount of corporate business taxes due from such taxpayers under Chapter 208 of the Connecticut General Statutes with respect to such income year.

(Effective May 9, 1980)

Sec. 12-217g-6. Registration procedures

(a) Each apprentice, in order to be considered eligible for tax credit purposes, must be enrolled in a qualified program with each apprenticeship agreement being submitted to the department for approval by the Commissioner.

(b) Existing procedures and policies for the awarding of advanced status to apprentices for previous experience will remain in effect. Time awarded in recognition of satisfactory completion of previous training is not eligible for a tax credit. Apprentices with advance status beyond the first half of the apprenticeship are considered in computing the existing level of apprenticeships.

(c) After due process, in accordance with Chapter 54 of the Connecticut General Statutes, a finding that the apprenticeship program is not in compliance with the prescribed standards shall be sufficient cause for revocation of tax credit eligibility.

(Effective May 9, 1980)

Sec. 12-217g-7. Application

Application for the apprenticeship tax credit or to establish a qualified program may be accomplished by contacting the:

Connecticut Labor Department
Attn: Machine Tool Apprenticeship Tax Credit
200 Folly Brook Boulevard
Wethersfield, CT 06109

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Tel. No. 566-2450

(Effective March 24, 1995)

Sec. 12-217g-8. Prescribed data format submission

(a) The format of the information required to substantiate tax credit claims is contained in form ATX-792, Apprenticeship Tax Credit Worksheet, available at the Connecticut Labor Department.

(b) Any similar format containing the required information will be acceptable.

(Effective March 24, 1995)

Sec. 12-217g-9. Certification of tax credit

Based on an analysis of the prescribed data submitted and a review of apprenticeship records, the Labor Department will issue to the taxpayer appropriate certification of its approval of the apprenticeship tax credit claim for subsequent submission to the Department of Revenue under current corporate tax filing procedures.

(Effective May 9, 1980)

Sec. 12-217g-10. Tax years eligible

(a) Eligibility is for tax years ending on or after January 1, 1979.

(Effective May 9, 1980)