

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT

APPLICATION FOR FOSTER YOUTH EMPLOYMENT TAX CREDIT

Who May Use This Form. Form RPD-41389, *Application for the Foster Youth Employment Tax Credit*, is to be used by eligible employers to apply for the foster youth employment tax credit.

How to Apply For This Tax Credit: To apply for the credit you must complete Form RPD-41389, *Application for Foster Youth Employment Tax Credit*, and attach a Form RPD-41388, *Certification of Eligibility for the Foster Youth Employment Tax Credit*, for each qualified foster youth included in the total credit entered on Form RPD-41389. An application can include multiple certifications for multiple qualified foster youth for the tax year of the application. Submit the application and certifications to the Taxation and Revenue Department for approval prior to claiming the credit. Once approved, you may claim the credit against your personal or corporate income tax due by attaching Form RPD-41390, *Foster Youth Employment Tax Credit Claim Form*, to the tax return for the tax year in which you employ the qualified foster youth. The amount of the approved foster youth employment tax credit that exceeds your personal income tax or corporate income tax liability in the taxable year in which the credit is claimed shall not be refunded, but may be carried forward for up to three years.

For status of the application, call (505) 827-0792, or send an email to BusinessCredit.Mgr@state.nm.us.

Name of eligible employer		New Mexico CRS identification no.	
Physical address		City, state, and ZIP code	
Mailing address, if different		City, state, and ZIP code	
Name of contact	Phone number	Email address	

1. Enter the employer's tax year in which the eligible employment took place.
May not claim the foster youth more than one calendar year from date of hire.

_____ through _____
(mm-dd-cyyy) (mm-dd-cyyy)

Total Foster Youth Employment Tax Credit

2. Enter the number of certifications* attached: _____

A certification for each foster youth whose qualified period of employment occurred during the tax year of this application must be attached.

3. Enter the total foster youth employment tax credit requested: _____

Enter the sum of the tax credit requested (from RPD-41388, line 10) from each certification included in this application.

\$

*Attach a Form RPD-41388, *Certification of Eligibility for the Foster Youth Employment Tax Credit* for each qualified youth employee certification request.

Under penalty of perjury I declare that I have examined this application and attachments, and to the best of my knowledge and belief it is true, correct and complete.

Taxpayer Authorized Signature

Date

FOR DEPARTMENT USE ONLY

Authorized by the New Mexico Taxation and Revenue Department.

Approved by: _____

Title: _____

Telephone number: _____

Date: _____

Foster Youth Employment Tax Credit
amount approved: \$ _____

Credit approval number: _____

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT

**APPLICATION FOR FOSTER YOUTH EMPLOYMENT TAX CREDIT
INSTRUCTIONS**

ABOUT THIS TAX CREDIT

For tax years beginning on or after January 1, 2018, a taxpayer who employs a qualified foster youth for at least 20 hours per week, in New Mexico is eligible for a credit against the taxpayer's personal or corporate income tax liability for up to \$1,000 for wages paid to each qualified foster youth. If the foster youth's qualified period of employment is less than a full year, the credit for that year is reduced based on the ratio of the qualified period of employment over the full tax year of the employer.

To claim the credit, all of the following must be true:

- An employer may not receive the credit for any individual qualified foster youth for more than one calendar year from the date of hire.
- Multiple employers may not receive a credit for more than one year combined for the same qualified foster youth.
- Only one employer may receive the credit for a specific foster youth during a tax year.
- The qualified foster youth was aged fourteen or older within seven years prior to the taxable year for which the tax credit is claimed and was in the legal custody of the Children, Youth and Families Department (CYFD) pursuant to the Children's Code or in the legal custody of a New Mexico Indian Nation, Tribe or Pueblo or the United States (US) Department of the Interior Bureau of Indian Affairs (BIA) division of Human Services.
- The foster youth employment tax credit is only allowed for the employment of a foster youth who was not previously employed by the taxpayer prior to the taxable year for which the credit is claimed.

That portion of a foster youth employment tax credit approved by Taxation and Revenue Department (TRD) that exceeds a taxpayer's income tax liability in the tax year in which the foster youth employment tax credit is claimed may not be refunded to the taxpayer, but may be carried forward for up to three years. The foster youth employment tax credit may not be transferred to another taxpayer.

Married individuals filing separate returns for a tax year for which they could have filed a joint return, each may claim only one-half of the foster youth employment tax credit that would have been claimed on a joint return. An owner, member or partner (owners) may be allocated the right to claim a foster youth employment tax credit in proportion to its ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership.

Part II - Distribution of credit to owners, members or partners, if the employer files a partnership return.

To allocate the credit to the owners of the business entity qualifying for the credit, complete **Part II of Form RPD-41389**. The total credit that may be claimed by all members of the partnership or other business entity shall not exceed the allowable credit approved.

ATTACHMENTS

The taxpayer must provide a copy of the foster youth employment certification received by CYFD, the New Mexico Indian nations, tribes and pueblos, or the US Department of the Interior BIA of Human Services. The certification must show the date in which the foster youth was placed in legal custody. The Department may request additional information establishing that the employee is a qualified foster youth.

HOW TO COMPLETE THIS FORM

Complete all information requested. Enter the date using a two-digit month and day and a four-digit year (mm/dd/ccyy).

Enter the name, address and the New Mexico CRS identification number of the employer. The physical address should be the address where the business is located or based. Enter the mailing address if it is a different address.

1. Enter the employer's tax year in which the eligible employment took place. Enter the first and last day of the tax year. Enter the date using a two-digit month and day and a four-digit year (mm/dd/ccyy).
2. Enter the number of certifications (Form RPD-41388, *Certification of Eligibility for the Foster Youth Employment Tax Credit*) attached and included in this application.
3. Enter the sum of the foster youth employment tax credit (from line 10 of each Form-41388 certification attached). A maximum of \$1,000 for each qualified foster youth in tax year is allowed.

Sign and date the form.

Checklist:

- Form RPD-41388, *Certification of Eligibility for the Foster Youth Employment Tax Credit*;
- Form RPD-41389 *Application for Foster Youth Employment Tax Credit*;
- A copy of the foster youth employment certificate received by CYFD, the New Mexico Indian Nations, Tribes and Pueblos, or the US Department of the Interior BIA division of Human Services.
- Forms are signed and dated

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TAXATION AND REVENUE DEPARTMENT
**APPLICATION FOR FOSTER YOUTH EMPLOYMENT TAX CREDIT
INSTRUCTIONS**

Submit to the Department

Submit forms and attachments in the checklist to the Department by email to BusinessCredit.Mgr@state.nm.us, or mail to:

**Taxation and Revenue Department
Attention: RPD Business Credit Unit
P.O. Box 5418
Santa Fe, NM 87502-5418**

IMPORTANT INFORMATION TO KNOW ABOUT THE APPROVAL OF THE CREDIT

- Failure to properly complete the application and submit the required documents may result in a denial of the credit.
- Once a qualified foster youth is approved on an application for a tax year, any credit requested by another employer for the same foster youth on subsequent applications for the same tax year will be denied.
- Applications will be processed in the order in which they are received.

HOW TO CLAIM THIS TAX CREDIT

Once approved, you may claim the credit against your personal or corporate income tax due by attaching Form RPD-41390, *Foster Youth Employment Tax Credit Claim Form*, to the tax return for the tax year in which you employ the foster youth. Excess credit may be carried forward for up to three years.

IMPORTANT: The Department may require you to furnish additional documentation to verify eligibility.

DEFINITION

As defined in Sections 7-2-18.30 or 7-2A-29 NMSA 1978:

A **qualified foster youth** means an individual who is currently in the legal custody of the Children Youth and Families Department pursuant to the Children's Code or in the legal custody of a New Mexico Indian Nation, Tribe or Pueblo or the United States Department of the Interior Bureau of Indian Affairs division of Human Services or was in custody within the seven years prior to the taxable year for which the tax credit is being claimed and was aged fourteen years or older.

The qualified foster youth must work at least twenty hours per week during the taxable year for which the credit is being claimed.

A foster youth who was previously employed by taxpayer prior to the taxable year for which the tax credit is being claimed is not qualified for this tax credit.